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NEWS SUMMARY

GENERAL

Row over nuclear weapons treaty

A major row between countries *which have nuclear weapons and* those which do not is threatening the credibility of the 1968 *Non-Proliferation Treaty.*

About 60 countries are due to end in Geneva today the second review conference of the treaty, the only one to stop the spread of nuclear weapons, writes David Tonge. The conference is so deeply divided that some Governments question whether it will be able to agree on a substantial final statement.

The main issue dividing the delegates is the demand by countries without nuclear weapons that Britain, the Soviet Union and the U.S. should take more *steps* towards disarmament.

Botha fillip

South Africa's white electorate has *given Prime Minister* P. W. Botha a badly-needed boost by electing a National Party candidate for the first time in Simonstown, an English speaking constituency. Page 4

French package

French Prime Minister Raymond Barre announced a package of social and economic measures aimed at forestalling economic recession and worse unemployment figures. Page 2

Class war

British Airways plans to phase out first-class fares on all European services from April 1. Competing airlines are expected to oppose the move. Page 6

PLO dispute

Arab bankers have demanded that the International Monetary Fund and the World Bank invite *the Palestine Liberation Organisation* to their annual meetings in Washington. The dispute over PLO recognition threatens a major diplomatic wrangle. Back Page

Eanes challenge

In a direct challenge to Portugal's ruling centre right coalition, President General Eanes said he would stand for re-election next December. The Prime Minister *has said he will* resign if General Eanes wins. Page 2

PM's first visit

Mrs. Thatcher became the first British Prime Minister to make an official visit to the Shetlands when she began a two-day tour of Orkney and Shetland.

Parcel economy

British Rail may abandon the collection and delivery of rail-freighted parcels to cut costs. Page 8

Baby's arm saved

Surgeons at Manchester's Withington hospital used microscopes in *an apparently* successful operation to save a 22-month-old baby's arm which was severed when a tractor crushed his pram.

Kidnap victim

Police in County Armagh are satisfied that a body found close to the border is that of Ross Hearst, 56, who was kidnapped on Wednesday night.

Briefly . . .

Three bombs exploded at a supermarket in East Belfast, starting a blaze but injuring no one.

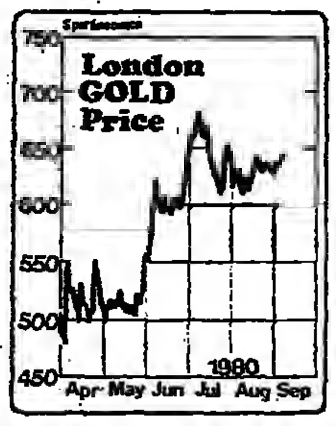
Couple, both in their 70s, found beaten to death in their beds at Plaistow, London.

Dutch navy is to allow women to serve at sea on a supply vessel in a one-year experiment.

BUSINESS

Gold up $10; Equities gain 1.0

● GOLD rose $10 in London to $647.5, its firmest level since July. Page 31



● STERLING advanced on *the* news that MLR was unchanged, gaining 32 points to $2.4190. Its trade-weighted *index* was unchanged at 76.5. DOLLAR closed at DM1.7765 (DM1.7760); its index was unchanged at 83.5. Page 31

● EQUITIES made further gains, helped by the statements *from BP* and other industrials, and the FT 30-share index rose 1.0 to 490.8. The Gold Mines *index* rose 5.5 to 410.5. Page 34

● GILTS eased after the recent recovery and the Government Securities Index was down 0.11 at 68.93. Page 34

● WALL STREET was up 3.32 at 956.48 near the close. Page 32

● BANK of England published new guidelines for assessing the capital requirements of British banks and licensed deposit takers. Back Page

● LLOYDS Bank and American Express are to launch an exclusive plastic payment card for higher-income earners in Britain. Page 8

● BRITISH Aerospace is to send a 50-seat BAe 748 airliner on a demonstration tour of the U.S., in an attempt to *win* orders in the expanding commuter aircraft market. Page 6

● EUROPEAN Free Trade Association countries exported goods worth over £20bn to the EEC last year, a 30.8 per cent increase over 1979. Page 5

● HESKETH Motorcycles, set up by Lord Hesketh to produce a new British high-performance motorcycle, plans to raise £1.3m *through an offer* for sale of 1.8m shares at 80p. Page 25

● ARGOS discount stores chain gave the Office of Fair Trading details of TI Raleigh's refusal to supply the group with its leading branch of bicycles. Page 7

● CAR production in Britain fell in August to 54,000 vehicles, the lowest monthly figure for at least 10 years. Back Page

● LLOYD'S of London, the insurance market, declared profits of £131.4m for its 1977 underwriting year, £3.8m short of the 1975 record. Back Page: News analysis, Page 6

LABOUR

● LUCAS GIRLING, the brake and suspension manufacturer, plans to cut its workforce by 30 per cent — about 2,200 jobs — as a result of the motor industry recession. Page 6; Vauxhall pay dispute, Page 8

COMPANIES

● CADBURY SCHWEPPES reported a slight decrease in first-half taxable profits, from £21.7m to £21m, after an *increased interest payment* of £11m. Page 24

● COSTAIN, the construction and development group, reported a drop in first-half pre-tax profits from £17.15m to £15.25m. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Aero and General	495	+ 35
BICC	141	+ 8
BPB	232	+ 8
Bejam	93	+ 7
Brigray	8	+ 3
Cadbury Schweppes	66	+ 4½
Cornell Dresses	26	+ 4
Derby Trust Cap.	207	+ 12
Ferranti	447	+ 24
Hinton (Amos)	86	+ 13
Howden Group	118	+ 6
Manson Finance	59	+ 5
Nurdin and Peacock	167	+ 10
PMA Hldgs.	35	+ 8
Phoenix Assurance	300	+ 8
Royal Worcester	300	+ 12
Somportex	205	+ 17
Sun Alliance	768	+ 16
Taylor Woodrow	486	+ 9
Anglo Amer. Corpn.	685	+ 25
Cent. Pacific Mins.	£33	+ 1½
De Beers Dfd.	434	+ 22
Geometals	45	+ 10
Intnl. Mining	50	+ 9
Rustenburg	297	+ 7
Tara Exploration	560	+ 50
Westfield Minerals	140	+ 10

FALLS

Excheq. 11pc 1991	£88½	− 1
BET Dfd.	142	− 8
Bowater	166	− 7
Bulmer (H. P.)	183	− 8
Cheung Kong	228	− 9
Haynes Publishing	125	− 6
Hong Kong Land	154	− 7
Sharna Ware	160	− 8
Aran Energy	434	− 14
Sovereign Oil	285	− 11
Bond Corpn.	126	− 10
Otter Exploration	74	− 8
Western Mining	285	− 10

Saudi Arabia to cut oil output in fourth quarter

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SAUDI ARABIA is to lower its oil output in the fourth quarter of this year regardless of the outcome of the Organisation of Petroleum Exporting Countries' conference in Vienna later this month.

Oil, foreign and finance ministers of OPEC meet in Vienna on September 15 to discuss and approve a long-term strategy policy, including an automatic mechanism for price increases. Realignment of prices prior to the OPEC summit scheduled for Baghdad is an important priority for the conference and Saudi Arabia is prepared to cut its rate of output to achieve one.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, told Lord Carrington of the decision to lower production when the Foreign Secretary met him during his visit to the Kingdom last week. But he did not say how big a reduction was contemplated by the Supreme Council.

Apart from the forthcoming OPEC conference, the continuing surplus on the market and the high level of stocks in themselves justify bringing down the present permitted ceiling of 9.5m barrels a day, according to Saudi thinking. A unilateral move would also help create the right climate for compromise on a unified OPEC price.

It has become clear, meanwhile, that the amount of oil available to Exxon, Standard Oil of California, Texaco and Mobil will be drastically cut under the terms of the complete take-over by the Saudi Government of the Arabian American Oil Company.

Yesterday a *spokesman for* Aramco in Washington confirmed that this had been substantially completed with the payment of a final instalment of the $1.5bn or so compensation in April for the companies' residual 40 per cent stake in the operation.

Final terms have yet to be arranged, and the agreement *has not been signed.* But supplies to the four U.S. majors could be slashed from the present *level* of about 6.9m b/d to as little as 4.5m b/d—mainly because of increased sales by the state and the expansion in its refining capacity.

Sheikh Yamani has said Saudi Arabia would come down to 8.5m b/d if other OPEC *countries committed themselves* to adopting proposals for raising prices at regular quarterly intervals according to the formula laid down in OPEC's Ministerial Committee on Long-Term Strategy.

Before the OPEC conference in Vienna the six-man committee chaired by Sheikh Yamani is expected to meet in London at the end of next week in an attempt to resolve differences over the recommendations about prices accepted by the majority *of* members.

The committee's report proposes an index to take account of the impact of inflation in international trade based mainly on exports of industrial countries, an automatic exchange rate adjustment factor, and—to give a progressive increase in *real* terms—the average growth in real terms of the GNP *of* Organisation for Economic Development and Co-operation countries.

Initially, Iran, Algeria and Libya held out for an inflation index based on the cost of members' imports and—far more inflationary—provision for increases in real terms to be based on the extraordinarily high growth rates of OPEC states.

It seems that other OPEC members have come close to compromise with Algeria and Libya — which has threatened to boycott the OPEC summit, apparently because of its animosity to Iraq — go its own way and dissent *from* the recommendations.

BP granted Sinai rights, Page 5
Editorial Comment, Page 22

Soviet Union warns Poland on borrowing

BY DAVID SATTER IN MOSCOW AND CHRISTOPHER BOBINSKI IN WARSAW

THE SOVIET UNION yesterday issued a veiled warning to Poland not to continue to borrow heavily from the West. The warning came via an unusual reference to Polish debts in the Government newspaper Izvestia.

Quoting a report in the New York Times, Izvestia said Polish debts to the West had grown tenfold since 1971. It said Poland spent more than $7bn on servicing its debt in 1979.

The report came after confirmation by Mr. Mieczyslaw Jagielski, a Polish Deputy Premier, that the Soviet Union had agreed to extend a hard currency loan of its own to Poland in an apparent move to give the Warsaw Government time to straighten the domestic economic situation, and to demonstrate that the Soviet Union remained Poland's best friend in time of need.

The Soviet Press rarely mentions East Bloc borrowing from the West and the fact that Poland's debt was referred to at all would seem to imply that the Russians do not want Poland to continue to turn to Western banks for funds.

There has been no mention in the Soviet Press of a letter from President Jimmy Carter of the U.S. to NATO leaders last week which advised a sympathetic approach to Poland's *problems.* But, *Western aid* and loans to Poland could not but arouse Soviet suspicion in the circumstances.

Soviet newspapers have continued to emphasise the theme of Polish-Soviet alliance, and the leading role of the Polish Communist Party, in their reporting of events in Warsaw.

Izvestia quoted the *New York* Times to the effect that Western bankers were eager to lend to Poland because they have greater faith in Poland's political stability than in that of capitalist borrowers.

In the Polish press Mr. Jagielski, in an interview, spoke of the Soviet loan to Poland but did not specify when it was arranged nor its size. Financial experts in Warsaw believe he was referring to a $100m loan arranged by Mr Edward Babiuch, the recently-ousted Prime Minister, during his visit to Moscow in June. At that time the Soviet Union also agreed to defer some payments in bilateral trade this year.

Poland's decision to announce the loan now is thought to be part of a judicious attempt to reassure the Russians over the recent Polish decisions allow-

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British trade union leaders were thrown into confusion yesterday by a request from Poland's official union organisation to postpone the TUC visit to Poland. Back Page

New truculence among Posnan workers, Page 2
TUC Conference, Page 8

BP profits hit by world oil glut

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE WORLD oil glut, the weakness of the U.S. dollar and substantial losses on chemicals and plastics cut British Petroleum's net profits by 26.5 per cent between the first and second quarters of this year to £371m.

The group's results were better than many industry experts had expected but yesterday BP stressed that it was operating under substantial trading difficulties.

Sales between April and June *this year* were £6.3bn—better than the £5.5bn of the same period in 1979 but slightly lower than the £6.5bn of the first three months of this year.

Stock profits were lower in the second quarter of this year. The group's Alaskan and North Sea operations were the biggest contributors to its profits, with Sohio, BP's U.S. affiliate, turning in a net profit of £231m for the first half of 1980 against £150m for the first six months of last year.

But the income from Alaska and the North Sea was, BP said, "offset" by three things:

● The fall in the value of the U.S. dollar, which weakened by 6.3 per cent against sterling during *the first half of the year* and lopped £57m off the group's profits.

● The 10 per cent increase in Petroleum Revenue Tax at the start of the year, *which reduced* the higher value of North Sea crude.

● The impact of the recession on the group's plastics and chemicals business which led to an overall operating loss of £2m the first half of the year.

The trading loss on chemicals was much bigger in the UK—£34m in the first half of the year. BP said its UK chemicals business had been "badly affected by the deep recession, the strength of sterling and severe customer destocking because of *high interest rates.*"

The group's pre-tax profits for April to June were £1.392bn against £1.343bn in the first three months of the year and £1,009bn in the second quarter of last year. Pre-tax profits for the first half were £2.735bn compared with £1.734bn for the same period last year.

Last night BP shares closed at 348p, up 4p.

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For latest Share index phone 01-246 8026

Company liquidity improves slightly

By Peter Riddell, Economics Correspondent

THE LIQUIDITY position of British manufacturing industry deteriorated considerably between April and June, though other companies, especially retailers and wholesalers, improved their short-term financial position.

The latest Department of Industry survey of company liquidity, published in the official magazine British Business, shows that the overall position improved slightly in the second quarter compared with the previous three months, though only to a level last seen during the squeeze of mid-1974.

Current assets, mainly bank deposits, rose by £499m, seasonally adjusted, during the quarter, while current liabilities, principally bank borrowings, rose by £345m. Assets as a percentage of liabilities, known as the liquidity ratio, rose in the quarter from 64 to 68 per cent, compared with 74 per cent at the end of last year.

The significant feature is a wide divergence between the recent experience of manufacturing and non-manufacturing companies. The liquidity ratio of the former dropped from 64 to 57 per cent between the ends of the first and second quarters, compared with 97 per cent in mid-1979. The latest figure is still above the record low levels of 1974-75.

The squeeze on the liquidity position of manufacturing industry reflects the pressure of falling demand and reduced profit margins. The figures are consistent with other evidence that manufacturing industry has faced tight constraints on its ability to raise prices and has not so far been able to reduce stocks from current excessive levels.

In contrast, the liquidity ratio of non-manufacturing companies rose during the second quarter from 64 to 89 per cent, the highest level for a year.

This easing of financial pressure probably reflects the success of wholesalers and retailers in reducing stocks levels during the summer through price-cutting campaigns.

In addition, it is possible that some companies improved their liquidity position by pressing for early payments from cus-

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£ in New York

—	Sept. 5	Previous
Spot	$2.4095-4105	$2.4150-4160
1 month	1.37-1.32 dis	1.28-1.23 dis
3 months	2.80-2.75 dis	2.80-2.75 dis
12 months	6.40-6.25 dis	6.35-6.10 dis

Heavy foreign buying helps boost gilts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OVERSEAS INVESTORS bought British Government stocks on a record scale between April and June. *This was* a major factor behind the rise in prices of gilt-edged stocks in the period.

Purchases of gilts by foreign investors and central banks totalled £783m in the second quarter, compared with £17m in the previous *three months* and a quarterly average of about £300m last year. This is shown by Central Statistical Office figures published yesterday.

Money was attracted into London by the high returns offered on UK gilts compared with yields overseas, particularly in the U.S. and by hopes of capital profits if gilt prices rise following a fall in UK interest rates.

The *buying is believed* to have continued on a sizeable scale after the end of June for at least three weeks before gilt prices started to fall ahead of the poor July money supply figures. There have, however, been reports of renewed foreign interest in the last few days.

The figures confirm reports by stockbrokers in the early summer about the scale of foreign buying. This is in contrast to previous occasions when overseas interest has been noted, but subsequent statistics have shown that the actual buying was on a small scale.

These purchases undoubtedly helped fuel the rise in gilt *prices* in the early *summer.* Although detailed figures are not yet available, overseas gilt purchases of £783m in the second quarter compare with sales by the Government to the non-bank UK private sector (the public and financial institutions) of £1.83bn between mid-April and mid-June.

The latest figures also highlight the increased role of sterling in international currency movements and in other countries' official reserves over the last two years, contrary to *earlier Government statements* about restricting the reserve role of the pound.

Official holders, mainly central banks, bought £268m worth of gilts in the second quarter but reduced their bank and money market deposits by £125m. There has been a small, but steady, rise in such official sterling balances in the last 18 months, though they are still at a modest level compared with the mid-1970s.

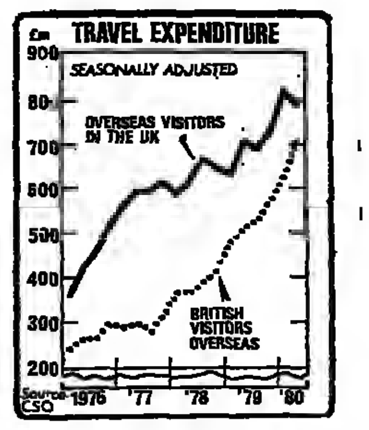
The most dramatic rise has *been* in private sterling balances, though these cannot always be distinguished from official balances. Such private overseas deposits rose by £1bn between April and June while, in addition, foreign investors bought £515m worth of gilts.

Such inflows offset *further* modest outflows of capital from the UK following the end of exchange controls. Portfolio investment overseas (shares and property) by British residents totalled £289m between April and June, less than the £494m figure in the previous three months but higher than the average level before mid-1979.

The figures also show that the surplus on invisible trade fell from £470m to £233m between the first and second quarters.

The previously large surplus on travel has started *to shrink* significantly. Expenditure by British visitors overseas has been rising sharply for the last two or three years, partly because of the strength of sterling. But there has now been a possibly significant drop in spending by overseas visitors in the UK. As a result the net surplus on travel dropped from £192m to £80m between the first and second quarters, the lowest figure since 1975.

● The Bank of England yesterday announced the extension for a month, until October 6, of £500m of temporary help for the banking system. The assistance, consisting of a sale and repurchase facility on gilt-edged stock, is aimed at easing a persistent liquidity shortage in the money market, partly caused by recent heavy sales of gilts. This is to avoid a rise in money market interest rates.



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How strong £ effects exports, Page 22

Oil takes big share of Greek import bill

The high cost of imported oil is expected to push Greece's current account deficit this year to about \$2.4bn (£1bn). Mr. Ioannis Boutos, the Minister of Co-ordination, said yesterday, writes our Athens correspondent. This would compare with a deficit of \$1.8bn in 1979. Imports in the first seven months rose by 12.1 per cent to \$6.3bn, with crude oil accounting for \$1.8bn of this. Exports in the same period increased by 9.3 per cent to \$2.4bn.

Mr. Boutos said inflation this year is expected to be slightly below last year's figure of 24.8 per cent.

Norwegian surplus

Norway a surplus of NKr 3.8bn (£327m) on its balance of payments for the first six months of the year, according to preliminary figures from the Bureau of Statistics, writes our Oslo correspondent. This compares with a deficit of NKr 3bn (£258m) in the first half of 1979. The surplus is slightly higher than expected and reflects a large rise in the value of oil and gas exports from a year earlier.

New role for Allies

NATO Secretary General Joseph Luns has told the Atlantic alliance at a conference in Madeira, that more U.S. responsibilities in the NATO area must be taken over by its allies in order to leave the United States free to intervene in other parts of the world, Reuter reports.

Italian tug strike

Tug boat crews pressing for a new contract went on a 24-hour strike yesterday, paralysing shipping at all Italian ports, reports AP. The work stoppage by 2,000 crew members prevented freighters, oil tankers and all other large vessels from entering or leaving Naples, Genoa, Venice, Palermo and other major ports.

Oil rig deadline

Libya has given Saipem Due, the Italian oil rig contracted by Texaco to carry out excavations off Malta's south coast, until tomorrow midnight to move out of the water it disputes with Malta, Godfrey Grima writes from Valetta. The captain of the rig had earlier demanded 15 days to fill the hole it had drilled on the Medina bank, 68 miles of Malta's south coast.

Leslie Colitt finds a new truculence among workers once known as the most disciplined in Poland

Poznan forgets its reputation for obedience

EVER SINCE the first post-war Polish strike in Poznan ended in a bloodbath in June 1956, the people of this city of half a million have been reluctant to try it again.

The march through Poznan that year by the striking workers of the Cegielski machinery plant was about bread. But the march escalated and led to the sacking of the headquarters of the Communist Party and the state security police. Some secret policemen were trampled to death and others opened fire killing many rioters.

The memory of that Poznan June, 24 years ago, was strong enough to prevent so much as a ripple from passing through the city during the food riots of 1970 and 1976. The workers of Poznan became known as the Prussians of Poland because of their discipline and conservatism.

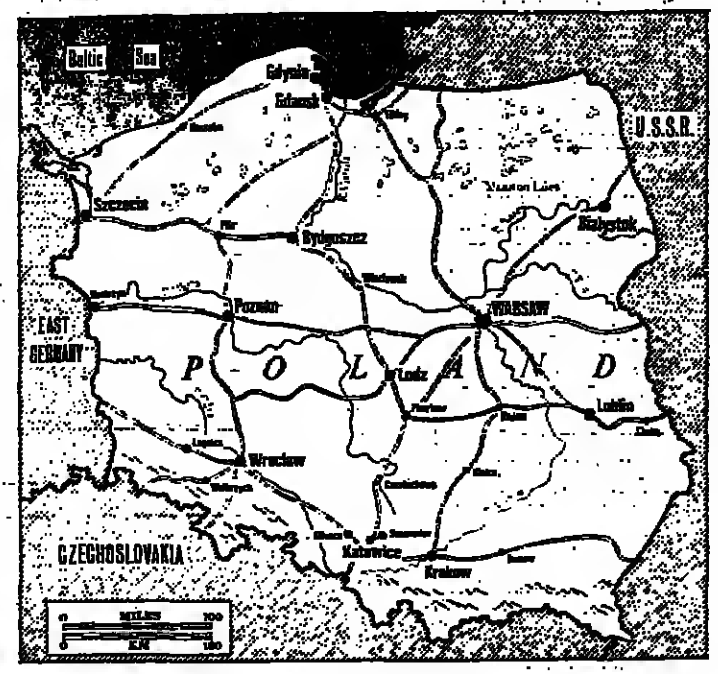
But last Friday, the workers at the Cegielski plant surprised many Poles by halting work on their marine engines and locomotives and showing their solidarity with the strikers on the Baltic coast. It was a critical moment in the strike and word that even the cautious workers at Cegielski were out must have hastened the government's acceptance of the Gdansk strike committee's 21 demands. Tram and bus drivers in Poznan had also stopped work and occupied their terminals with the support of students.

The Cegielski workers presented a few demands of their own. They called for a professional football team in Poznan to end what they called the "farce" of amateur state athletics. More worrying for the Communist Party, though, was a demand that national and local political and economic leaders be made legally responsible for their "mistakes."

Although the Cegielski workers' independent demands have not been met, they assume the points they shared with the Gdansk strikers, especially an independent trade union, have been covered by the Gdansk agreement. If there is undue delays, says one blue-smocked foreman, it will not take long to "drop our tools the next time."

The people of Poznan are reading newspapers again, queuing up to buy even the dry district party dailies, and reading while walking. They learn that in the aftermath of the strikes, the Poznan district central committee of the party is holding a plenary session, an event normally greeted with yawns.

Now, however, the Poznan party's first secretary, Mr. Jerzy Zasada, who has been a staunch supporter of Mr. Edward Gierek, the party leader in Poland, is said to be preparing to leave the Gierek lifeboat and jump on to a new ship when it comes along. Mr. Zasada, a survivor *par excellence*, has apparently sounded the political currents and shoals ahead and regards Mr. Stefan Olszowski as the future captain of the Polish party. Mr. Olszowski was brought back into the Warsaw Politboro last month after his brief banishment to East Berlin as the Polish Ambassador.



Mr. Zasada, however, is still sitting in the leaky Gierek lifeboat along with the other district party leaders and is having to bail furiously as allegations of opulent lifestyle and depotism mount around him.

Outwardly, Poznan has returned to normal. But the long queues remain throughout the day outside meat and grocery shops. There is an abundance of bread, cheese, rice and macaroni, but that was the diet 15 years ago. Polish workers have come to expect more since the early 1970s when Mr. Gierek came to power in their name.

Near the officers' school in Poznan, young Polish officers strut in that double-time step that makes them seem like figures in a faded war film. It is the smart cut of their traditional uniform and the intense pride that shows in their faces which gives them such uncanny resemblance to their fathers 40 years ago.

Mr. Stanislaw Baranczak, an historian in his late 30s is the senior political opponent of the Communist Party in Poznan which had, until recently, but one other recognised dissident. As a member of KOR, the social self-defence committee formed after the riots of 1976 to prevent reprisals against workers, he has been without a university teaching post for three years. His wife supports the family by her job at Poznan University.

Mr. Baranczak no longer feels lonely as the number of Poznan students who have become active supporters of KOR is growing by the day. Student backers of KOR and members of the SKS, the student solidarity committee, acted as observers among the striking public transport workers.

Mr. Baranczak says it is not accurate to say that KOR members are "tolerated" by the authorities. He says members have been persecuted from the start, lost their jobs, had their flats raided. The committee's leaders were repeatedly jailed and have now been released only at the insistence of the Gdansk strike committee.

He notes only that the persecution is "less severe" than in Moscow, Prague or East Berlin.

"The police state is weaker in Poland," he says. "The Government would like to swallow us if it could but now there are too many people to be digested."

Outside Mr. Baranczak's flat in a new satellite town of Poznan, a car waited with three men inside. The car followed me back to the Merkury Hotel in the centre of Poznan. Inside, two of the men stood on either side as I asked the hotel reception for the telephone number of the Poznan Communist Party central committee so as to request an interview. With that, they speedily withdrew—a sign, perhaps, that even the Poznan security police are unsure what the party's position on surveillance of the opposition is at the moment.

Presidential challenge for Carneiro

By Jimmy Burns in Lisbon

IN A DIRECT challenge to Portugal's ruling Centre-Right coalition and its Prime Minister, Sr. Francisco Sa Carneiro, General Antonio Ramalho Eanes, the Portuguese President, yesterday announced his intention to stand for re-election in December.

Sr. Sa Carneiro's Democratic Alliance, comprising Social Democrats, Christian Democrats and Monarchists, is officially backing a virulent anti-Communist, Gen. Antonio Soares Carneiro, as its candidate. The Prime Minister has staked his political future on the *presidential* election by saying that he will resign if General Eanes is re-elected.

Yesterday the President defended his "independent" candidacy as the only guarantee of future political stability against the threat of dictatorship.

Speaking to a *gathering* of prominent political figures, the President declared himself against any block "either Left or Right" and in favour of a broad political agreement between Social Democrats and democratic Socialists. The ambiguity seemed to be deliberate and aimed at securing broad political support.

The general lction on October 5 will be fought mainly between the ruling Democratic Alliance and a Centre-Left electoral front composed of Socialists and a group of dissidents who broke away from Sr. Sa Carneiro's Social Democrat party, accusing it of being too Right-wing. In recent weeks the divisions have become confused, with members of the ruling coalition showing themselves increasingly divided on the presidential issue. Some are reported to be in favour of Gen. Eanes.

The President clearly had this potential support in mind yesterday when he denounced as false reports that he might seek an agreement with the Communist party.

Gen. Eanes also declared that he would resign as chief of the armed forces and support the dismandment of the Military Council of the Revolution, comprised mainly of Left-wing officers, if he were re-elected. Determination to withdraw the military from the centre of the political stage is one of the few issues which unites most Portuguese politicians.

The presidential campaign does not begin officially until November. But yesterday's announcement is bound to raise the temperature of Portuguese politics.

General Eanes: his hat in the ring.

French apples hit by German colour bar

BY JONATHAN CARR IN BONN

SHOULD THE tummies of West Germans be protected from the consequences of eating little green apples imported from France?

West German food officials clearly think so, and their devotion to duty has caused a Franco-German border row of an unusual kind.

The officials blocked shipments of nearly 2,000 tonnes of "Golden Delicious" for days while French exporters and West German importers alike fumed with anger.

The reason? "Golden Delicious" in the official view should at least be a kind of yellow, whereas the French fruit was demonstrably green. The fact that West German consumers are not only prepared to put up with the green colour, but in many cases particularly ask for it, has had little effect on the case.

Early this week, the two sides reached compromise and most of the waiting apples were allowed in. But this concession does not mean that the West Germans have given up altogether.

Greeny-yellow apples may now slip through the net and yellowy-green ones should have little trouble either. But if a French apple is wholly green, is called "Golden Delicious" and is less than 70 millimetres across, it stands little chance of passage to the Federal Republic.

The West Germans can call on European regulations to support their case. But it almost goes without saying that the French can do the same.

Agile Barre treads fine economic line

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Prime Minister, M. Raymond Barre, brought off on Wednesday a balancing act which required some skill on the part of so weighty a man. On the one hand, he announced a package of economic and social measures, admittedly modest in size, aimed at forestalling economic recession and an aggravation of the unemployment situation. Yet almost in the same breath, he lectured his impetuous countrymen, constantly trying to push him into an injudicious reflation of the economy, not to expect any modification of his restrictive monetary, budgetary and incomes policies.

The franc would be defended at all costs because this was the only way of winning the fight against inflation and keeping down the oil import bill. Industrialists and businessmen, worried about the competitiveness of their goods on foreign markets, would just have to adapt themselves to a strong franc. M. Barre might almost have been talking to a British audience.

The French Prime Minister, of course, is not entirely his own master, though he has overall responsibility for economic policy. Looming behind him is the lofty figure of President Valery Giscard d'Estaing, who will almost certainly run for a second seven-year term next spring and who is understandably anxious to court as many voters as possible.

Hence the apparent contradiction between M. Barre's oft-repeated attachment to rigorous housekeeping methods as long as inflation and the balance of payments deficit have not been brought under control, and the successive stimuli which he has given the economy.

Politics have a way of undermining even the firmest economic intentions when elections are on the horizon. It is only fair to say, however, that at no time during the past four years has M. Barre indulged in a massive reflation of the economy. Mini-packages have been the general rule. Not only is the latest one no exception to this rule, but it is probably the smallest of any of the lollies which M. Barre is in the habit of presenting to the French people as a post-summer holiday sweetener.

No-one, therefore, could have been more surprised than M. Barre to find the official Communist Party newspaper, L'Humanité, describing his measures as "a breach in the austerity policy." The Communists clearly believe it to be good electoral tactics to announce to their supporters, as the newspaper did yesterday, that FFr 1bn had been "snatched" from the Government by "the workers' action."

In other words, a justification has been found for the long fishermen's strike and the "hot autumn" on the industrial front which M. Georges Seguy, leader of the Communist-led CGT, France's largest union, has promised in recent speeches.

The unions are unlikely to do much more snatching for some time, if well-documented leaks from the Finance and Budget Ministries are to be believed. M. Barre is expected to present what is definitely an austerity budget for 1981 next week.

One more gesture will be made to the voters by not raising their income tax, and some tax incentives will be given to investment. But Government spending will be kept on a very tight rein and the budget deficit is likely to be limited to FFr 30bn (£3bn), which the French claim to be one of the lowest in the Western world. Apart from spending on defence and research and development the expenditure of all other Ministries has been kept down to 1980 levels in real terms.

Zionist body recalls its Paris envoy

By Our Paris Correspondent

THE RECALL to Jerusalem of Mr. Avi Primor, the representative in Paris of the World Zionist Organisation, has caused somewhat of a stir in France, following allegations earlier this year that he was trying to promote a Jewish lobby in France on the lines of the one in the U.S.

Mr. Primor, who has been appointed as the new head of the Israeli Foreign Ministry's West European Department, has denied categorically any link between his departure from France and criticism of his activities.

But most French commentators suggest that he is leaving his present job as the result of representations by leaders of the French Jewish community.

Mr. Primor was believed to feel that it was lacking in Zionist enthusiasm and could exercise a much greater influence on official French policy towards Israel than it did.

Poniatowski clashes with Socialists over inquiry

BY DAVID WHITE IN PARIS

M. MICHEL PONIATOWSKI, former French Interior Minister and close associate of President Giscard d'Estaing, has become involved in a pitched battle with the Socialist party over a parliamentary inquiry dealing with the celebrated De Broglie murder case.

In the middle of preliminary impeachment proceedings against him for his conduct at the time, M. Poniatowski suggested on French radio that Socialist MPs might be acting in collusion with "dubious milieux."

The commission of inquiry, which is trying to fathom who knew what before the murder in 1976 of Prince Jean de Broglie, a former junior minister, is due to meet again on October 5. It was formed in May following allegations that the police knew about the murder beforehand and that the administrative lapse was covered up.

The Socialist party said M. Poniatowski's charges bordered on libel. One of the three Socialists on the commission, M. Pierre Guidoni, said the accusation only encouraged them to pursue their case. In a bitterly ironical statement, he said M. Poniatowski should have used his detective talents earlier, at the time he and Prince de Broglie were involved in M. Giscard's Independent Republican party, to realise that the Prince "frequented such dubious milieux that he ended up dead."

He also alleged that the Interior Ministry had ordered detailed police reports on the Socialist members of the commission.

The commission is to decide whether M. Poniatowski should face impeachment proceedings for allegedly betraying the secrecy of a legal investigation, failing to assist a person in danger, and failing to produce documents relevant to the case.

Four men are in prison awaiting trial for the murder.

Mounting fear over growth of cities

BY RUPERT CORNWELL IN ROME

HOW DO you control the apparently uncontrollable? That has been the anguished theme of a United Nations-sponsored conference here this week on the future of the world's cities which ended yesterday.

The problem is at its most daunting in terms of simple numbers. Mayors, diplomats and international officials gathered here agree it is perhaps the most acute single difficulty likely to stem from the anticipated 50 per cent rise in the world's population between now and the year 2000.

The UN estimates that the globe's population will increase from 4.2bn now to 6.2bn by the end of the century. During the period, the number of urban dwellers will grow from 1.8bn to 3.2bn, most of them in the impoverished Third World.

Today just 26 cities have 5m or more inhabitants, making a grand total of 252m. By the year 2000 there will be 60 with a total of 650m. Three-quarters of them will be in the underdeveloped world, most of them living in conditions of squalor and deprivation.

As the final document emerging from the conference makes clear, it is a recipe not just for misery, but for conflict both within and between nations, and conceivably for the peace of the world.

The runaway growth of some of the urban centres is no longer simply a matter of migration by peasants from the countryside to the imagined eldorados of the towns. It is now essentially a demographic problem, as births outstrip deaths.

The most extreme case is Mexico City, whose population is roughly doubling every 20 years. By the end of the century it may have 31m people, compared with 9m a decade ago. But there are even more apocalyptic possibilities.

Sr. Julio Moraes Coutinho, mayor of Rio de Janeiro, raised here the spectre of his own city and Sao Paulo simply coalescing, to create a single urban sprawl of up to 50m inhabitants.

Paradoxically, the older centres of the Western world are, if anything, tending to grow smaller. The Greater London area will lose more than 1m people between 1950 and 2000, while New York, Paris and Tokyo/Yokohama are expected to remain little changed between now and the end of the century.

If the draft declaration yesterday has a somewhat platitudinous ring, then that is probably inevitable given the daunting dimensions of the problem.

For that reason the document explicitly urges massive international aid as the only answer in the medium term, even though most of the recommendations are couched in primarily national terms.

Countries are urged to develop programmes for the more rational expansion of their cities and to draw up national programmes for population growth and distribution by 1985 at the latest.

But, even in that brief five-year period, Mexico City will gain 3.7m new inhabitants on current trends if nothing is done, a number roughly equivalent to the entire population of Naples or Rome urban areas today.

Speedy international assistance, therefore, is a vital need, says the declaration. International organisations should do their utmost to provide help while fortunate richer countries should step up their support both on a bilateral basis and through multilateral agencies.

WORLD'S MOST POPULOUS CITIES AND URBAN AREAS
(figures in millions)

1960		1980		2000	
New York/NE New Jersey	15.4	New York/NE New Jersey	20.2	Mexico City	31.0
London	10.7	Tokyo/Yokohama	20.0	Sao Paulo	25.8
Tokyo/Yokohama	10.7	Mexico City	15.0	Shanghai	23.7
Rhine/Ruhr	8.7	Shanghai	14.3	Tokyo/Yokohama	23.7
Shanghai	7.7	Sao Paulo	13.5	New York/NE New Jersey	22.4
Paris	7.1	Los Angeles/Long Beach	11.6	Peking	20.9
Los Angeles/Long Beach	7.1	Peking	11.4	Rio de Janeiro	19.0
Buenos Aires	6.9	Rio de Janeiro	10.7	Greater Bombay	16.8
Chicago/NW Indiana	6.5	Buenos Aires	10.1	Calcutta	16.4
Moscow	6.3	London	10.0	Jakarta	15.7

Source: Population Division, Department of Economic and Social Affairs, UN Secretariat.

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Pressure eases on Hong Kong economy

By Philip Bowring in Hong Kong

HONG KONG'S money supply and trade figures for July suggest that destabilising pressures on the economy may be beginning to abate. That, at any rate, is how the government interprets the latest figures.

Statistics released yesterday showed that money supply growth in July slowed to 2.6 per cent for M1 compared with the previous month and 1.1 per cent for the more important M3. Total credit to the economy rose only 1.2 per cent, the lowest monthly increase for a year and brought the year-on-year increase in credit back below 50 per cent to 48 per cent.

However, July's figures were expected to be well down after the dramatic increases in June when M3 jumped 6.5 per cent and credit by 5.8 per cent as funds flowed in from overseas and domestic credit was boosted to finance Sir Yue-kong Pao's HK$2.2bn (£185m) raid on the Hong Kong and Wowloon Wharf Company, in which he countered a rival bid from Hongkong Land.

Since July there has not been any sign of money becoming tighter. In August, the banks' prime lending rate was cut by 2 percentage points, in response to high liquidity, and the stock market has been buoyant, gaining nearly 10 per cent in the past month.

Though credit may be slowing it is still regarded as disturbingly high for an economy which is fast losing momentum. Though construction and service industries are buoyant, manufacturing presents a very mixed picture.

Trade figures for July announced last week, present a similarly unclear picture. Domestic exports at HK$18.1bn remained at June's high level. Although the trade deficit widened compared with June to HK$683m it was still well below the average HK$1.2bn a month average for the first half of this year.

Japanese plan mild public works boost

BY RICHARD C. HANSON IN TOKYO

JAPANESE economic ministers will decide today on plans to step up the rate of public works spending in the last quarter of the year. This will form part of a cautious package to stimulate the economy, without fanning inflation.

September to December public works spending contracts are expected to jump by 30 per cent over the corresponding quarter last year. This will mean about Y2,800bn (£5.3bn) in contracts and will bring the proportion of contracts let out in the first nine months of the fiscal year to just under 79 per cent.

Public works spending in the first four months of the fiscal year, which starts in April, fell 5 per cent below the level of a year earlier on a contract basis.

Other measures to be decided include increasing housing loans and public loans to small and medium companies, while adopting a more flexible stance regarding monetary policies.

The Bank of Japan, in line with this flexibility, will probably consider a second drop in the key official discount rate.

A further reduction in interest rates, however, will depend on how prices move over the next month or so. There have been some signs of relief in this area recently. The August figures revealed the first monthly drop in the Tokyo Consumer Price Index for several months.

The options open to the Government in the realm of fiscal stimulation of the economy are limited at this point by the fear that too much spending would strain an already tight demand supply situation in the manufacturing sector, thus causing inflation. The Government is also committed to moderate rates of growth in the Budget in order to reduce the large deficits it has created over the past four years.

Without this latest package the Economic Planning Agency estimates privately that the real gross national product growth for the year ending March 31, 1981, could fall below 4 per cent. The official target is 4.8 per cent.

Reshuffle of Malaysia's Cabinet expected soon

BY WONG SULONG IN KUALA LUMPUR

DATUK Hussein Onn, Malaysia's Prime Minister, is expected to make a major reshuffle of his Cabinet soon, after returning from a Commonwealth regional Heads of Government meeting which opened in New Delhi yesterday.

He is expected to take the opportunity created by the resignation on health grounds of his brother-in-law, the law minister, Datuk Hamzah Abu Samah, to appoint a more dynamic Cabinet in readiness for the launching of the fourth Malaysia plan next year.

The Prime Minister will also give greater representation in the Government to the influential youth division of his United Malays National Organisation, to distract it from its role as a vocal, and often embarrassing, pressure group.

During the recent Bumiputra (Malay) economic convention, dissatisfaction was expressed at the low participation of Malays in the corporate sector.

The fourth plan, (1981-85) is regarded as crucial to the new economic policy. Not only must the Government step up the purchase of corporate shares for Malays, but it must also devise ways for an equitable distribution of such wealth.

Apart from Datuk Hamzah, two other Ministers are expected to be dropped. Three Malay politicians have been mentioned for promotion. They are the Deputy Foreign Minister, Mokhtar Hashim, the Deputy Lands and Regional Development Minister, Sanusi Junid and the Umno Youth Leader, Haji Suhaimi.

Key Ministers — the Deputy Prime Minister, Dr. Mahathir, the Home Minister, Ghazali Shafie, the Finance Minister, Tengku Razaleigh, and the Education Minister, Musa Hitam — are expected to retain their portfolios.

However, Dr. Mahathir has indicated that he would like to give up the Ministry of Trade and Industry to concentrate on heading various Cabinet committees involved in economic planning and implementation.

Gandhi plea for oil talks

NEW DELHI — India's Prime Minister, Mrs. Indira Gandhi, said yesterday that oil producers should convene an international conference to ensure necessary supplies.

Mrs. Gandhi made the suggestion at the opening of the five-day Commonwealth regional conference of 16 Asian and Pacific countries which is to discuss energy, development and co-operation.

Mr. Robert Muldoon, New Zealand's Prime Minister, said that oil-importing developing countries were facing a combined deficit estimated at $68bn (£28bn) this year. Reuter

Peking's economic reformers must still step cautiously, as **Tony Walker** reports

China gives priority to moving out of deficit

CHINA FACES severe difficulties in its effort to keep its modernisation drive from flagging. The squeeze on funds as a result of a large and unplanned deficit last year will continue at least until the end of 1982, the year that was to have signalled the end of the readjustment programme that began in 1979. It now seems certain the clamp on spending on all but essential new projects will continue beyond 1982.

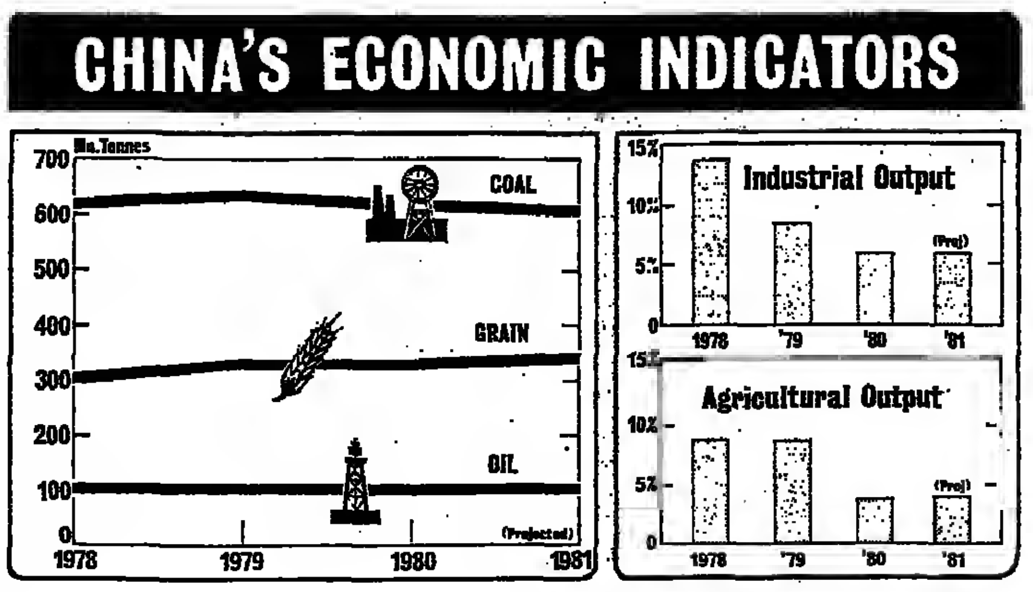
According to China's own forecasts, there will be no early improvement in its financial position. Economic planners have said that for the next two years, at least, they are giving top priority to reducing the deficit from its $11bn last year.

This is no shock to the Chinese leaders, who have known for some time that the readjustment programme was likely to run on beyond schedule. They are, in any case, not ready to embark on a big programme of new investment and their planning ability, infrastructure and managerial talent are still limited. Planning errors in the past have engendered a new mood of caution in designing ambitious projects.

While the leadership clearly met unforseen difficulties last year, the rising standard of living produced by bigger output of all kinds of foodstuffs, and flourishing light industry has given them the leeway to press on with their policies. Despite the stagnation in heavy industry and worry about this year's grain harvest, the leadership seems to be confident that the economy is basically on the right track.

Mr. Wang Bingquian, the new Finance Minister, made it clear in his speech to the National People's Congress this week that despite the sweeping economic reforms announced by Mr. Yao Yilin, the State planning chief, China does not intend to embrace deficit budgeting.

"China's financial policy has all along been one of ensuring balance with a slight surplus, and striving to avoid deficit budgeting," Mr. Wang said.



The Chinese may find cutting the budget deficit is easier said than done. But unlike Governments in Western democracies, Chinese leaders can order savage cuts in spending without having to worry about re-election.

Most worrying for China, faced as it is with a severe shortage of foreign exchange to pay for its long-term plans, must be the slowdown in oil production, according to forecasts released at the congress, production will remain stagnant at 106m tons a year for the next two years. Oil is China's main earner of foreign exchange, but with domestic demand squeezing quantities available for export the stagnation in the growth of oil production could not have come at a worse time.

China this year can also hardly expect to benefit from further steep rises in the world oil price to offset its sagging production. It may well be that planners are being optimistic in their forecasts that production will remain at present levels. There are reports that the Daqing field, which accounts for more than 40 per cent of Chinese production, is beset by technical difficulties and such levels will be hard to maintain. This is denied by the Chinese, but doubts remain.

Whatever the causes of the slowdown, China is unable to supply Japan with the quantities of oil specified in their long-term trade agreement.

Another worry is the forecast that grain production will be static this year because drought damaged crops of winter wheat. Mr. Yao described the effects on the wheat crop as a calamity. China will be doing well to produce last year's record crop of 332m tons of grain that is forecast for 1980. Western observers here had been predicting a 6 per cent drop in production and perhaps record imports.

A pointer to the difficulties China is facing this year is the net drop in available state funds because of higher purchase prices of farm products and increased wages for urban and rural workers. According to Mr. Wang, total revenue will drop by about $2.7bn this year as a result of these increases.

China is forecasting state revenues of $70bn and expenditures of about $75bn. Predicted growth in the gross value of industrial and agricultural output is about 5.5 per cent, down from 8.5 per cent last year. Mr. Wang, however, described the targets for growth this year as "ambitious yet realizable."

China's economic difficulties last year were caused partly by massive overruns in expenditure as a result of the decisions to increase payments to peasants for their produce and because of wage rises and the introduction of a bonus system. Increases in purchase prices for farm products were about 25 per cent higher than planned and wages and bonuses more than 40 per cent higher. This reflects the difficulties China's economic planners face establishing priorities based on adequate statistics.

The deficit has already led to large cutbacks in spending this year. Funds for capital construction, for example, have been reduced by about $9bn. The squeeze on construction funds has caused delays on projects in which foreign business is involved. Another area to suffer has been defence which has had its budget cut by about $2bn.

Mr. Wang insisted that the deficit will be financed from past surpluses at China's central bank and this will not add to inflationary pressures. This may be optimistic.

Figures provided by Mr. Yao confirmed there had been a slowdown in the growth of foreign trade, but information on the first six months of this year shows imports and exports have increased by about 20 per cent compared with a similar period last year. This is well up on an earlier forecast that trade for the year would grow at about 11.5 per cent. Growth of combined imports and exports last year was about 28 per cent.

Casting some light in an otherwise gloomy set of indicators are figures for consumer spending. Strong growth in retail sales is continuing. Sales rose by 14.7 per cent last year. In the first six months of 1980, the increase was 18.5 per cent compared with the corresponding period last year.

Despite the difficulties evident in the Chinese economy, the reformers are still confident enough to press ahead. Mr. Yao's proposals for restructuring China's economic system show that the deficit and the almost certain prolongation of the readjustment period do not appear to have weakened the position of the moderate faction around Mr. Deng Xiaping, the senior Vice Premier, which is intent on pushing through such radical reforms as giving more play to market forces and using the banking system as an instrument of economic management.

The question will be whether the reformers can keep their nerve through the next few years when progress is almost certain to be slow.

Simonstown poll gives a fillip to Botha

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S white electorate has given the Prime Minister, Mr. P. W. Botha, a badly-needed boost by electing a National Party candidate for the first time in the predominantly English-speaking constituency of Simonstown, near Cape Town.

The Simonstown victory indicates that Mr. Botha's Cabinet reshuffle last week and his renewed hints of further race reforms have won support from many English-speaking voters who, in the past, have favoured neither the Government's Apartheid policies nor those of the more liberal Progressive Federal Party, the main opposition group.

The Progressives were confident of winning Simonstown by a small majority. Instead, Mr. John Wiley, a former opposition MP who recently joined the National Party, gained a substantial majority of almost 1,200 votes. Mr. Wiley is best known as an arch-conservative member of the former United Party, a bitter critic of the English-language Press, and virulently anti-American.

Mr. Botha needed the victory badly. It comes within days of further evidence that the right-wing of the ruling party remains disenchanted with the Prime Minister's policies.

The tensions in the National Party were evident at its key Transvaal congress, held earlier this week. The Transvaal provides the bulk of the party's support, and accounts for 66 of its 135 seats in Parliament.

The enthusiasm of congress delegates was so slight that the discussions were wound up after two days, a day earlier than scheduled. By the end of the second day, only 80 of the 1,000 delegates were still in the congress hall.

Mr. Botha was faced by a torrent of resolutions and questions urging the Government to reaffirm its commitment to racial segregation. But in the words of one observer, delegates "went home more confused, more critical and more sceptical."

Mr. Botha's inability to placate the ultra-Right wing was clearly illustrated by a Cabinet Minister's admission at the congress that some party members found it difficult to understand why Dr. Andries Treurnicht, the Transvaal party leader who is also spokesman of the arch-conservatives, was not Prime Minister.

Although last week's cabinet changes were a blatant attempt by Mr. Botha to out-manoeuvre Dr. Treurnicht, his influential position as Transvaal leader remains unchallenged.

Queensland coal strike ended

By Patricia Newby in Canberra

A STRIKE by Queensland coalminers which held up about half Australia's coal exports for 10 weeks ended yesterday with the miners voting to return to work at a date to be decided on Monday.

The stoppage cost the country at least A$200m (£97m) directly and much more indirectly.

The mining companies, including the U.S. Utah Corporation, and the Government believe the strike has damaged Australia's reputation as a stable coal trader and cost the country some long-term contracts.

The strike was caused by a federal Government attempt to tax miners on the subsidised houses which they rent from mining companies. That is a benefit which most Australian miners have come to accept as a prerequisite for working in remote locations.

The Government feared that if it did not tax miners, a precedent would be created for other employers to provide subsidised houses to their employees as a way of avoiding income tax.

At meetings yesterday the strikers accepted a compromise which recognises the federal Government's right to tax subsidised houses. But the formula offered means that most miners will not be taxed until 1989 and many not until 2020.

Zambian rail link

Transport Ministers of Malawi and Zambia met yesterday to discuss the extension into Zambia of an almost completed railway line which will eventually link the two countries to the Mozambique ports of Nacala and Beira, Reuter reports from Lusaka.

Malawi and Zambia are trying to decide whether the extension should initially go only about a mile to proposed road-rail terminal facilities on the Zambian side or whether it should go to Chipata, capital of the Eastern Province, some 10 miles inside Zambia.

Canada, which is providing financial aid to Malawi to build the railway, indicated yesterday that it was willing to finance the shorter of the two extensions.

Bid to end school boycott

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S Government has announced a series of measures designed to end a prolonged boycott of school classes by thousands of black children.

The boycotts began in April and have affected schools throughout the country at various times. The children are demanding a rapid improvement in black education facilities and the abolition of separate education for blacks.

Dr. Ferdie Hartzenberg, Minister of Black Education, said schools in black areas around Cape Town, Port Elizabeth, and Grahamstown would be closed for the next two days. All pupils wishing to resume classes would have to re-register on Saturday and schools which remained empty next week would be closed for the rest of the year.

The Minister said the response of pupils would determine whether building and other development programmes in those areas were to be continued.

Meanwhile, one pupils was killed and four buses gutted by fire yesterday during unrest after a school soccer match in a black township outside Pretoria.

Plea for outside backing

BY OUR COLOMBO CORRESPONDENT

SRI LANKA'S current account deficit, amounting to Rs 3,500m (£90m) in 1979, is expected to double by 1984, as an inevitable consequence of the Government's efforts to restructure the economy, according to the Finance and Planning Minister, Mr. Ronnie de Mel.

Citing the fundamentals of Government economic policy, the floating exchange rate, the phasing out of subsidies, the emphasis on export-led economic growth and massive public investment in infrastructure, Mr. de Mel said that Sri Lanka would therefore expect the support of the international community in the medium term.

He was speaking to a conference in Colombo on business prospects in Sri Lanka, sponsored by the Financial Times and the Greater Colombo Economic Commission. Mr. de Mel said his Government did not intend to plan for the whole economy but solely for the role of the public sector.

Public sector investment 1980-84 was estimated at just over half total feasible investment of R126bn in both the public and private sectors during the same period.

Major projects include the Mahaweli River development programme, without which Sri Lanka's entire economic strategy could flounder, said Mr. de Mel. More than half total public investment was expected to come from foreign sources.

Examining the role of the banking and financial sectors, Dr. W. Rasaputram, Governor of the Central Bank of Ceylon, noted that several foreign banks had established branches in the country to take advantage of recent political and economic developments.

He said that the establishment of foreign currency banking units in 1979 had led to an expansion of Sri Lanka's role as a financial centre. It was

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envisaged that the active participation of commercial banks in the units would result in the establishment of a well-organised off-shore banking centre.

Commercially viable private sector projects have less of a chance to get off the ground in Sri Lanka than public sector ones, according to Dr. Johannes Witteveen, formerly managing director of the International Monetary Fund and now adviser to the board of managing directors, Amsterdam-Rotterdam Bank. Differences in financial resources, managerial capacity and the quality of personal support between public and private sector planning had contributed to this state of affairs.

As Sri Lanka's export-led industrialisation programme developed, the private sector would have to seek diversified sources of financing, in which investment banks could play a positive role.

From an investment banker's point of view, Sri Lanka is a very attractive country in terms of its potential, notwithstanding current short-term problems, according to Mr. John L. Boyer of the Honkong and Shanghai Bank.

Noting Sri Lanka's high credit rating in international money markets, Mr. Boyer estimated that the country would require additional foreign loans and direct investments to cover its deficit of $1bn (£415m) up to 1984. Advice on such capital inflows and their applications would fall within the scope of investment or merchant banks familiar with Sri Lanka.

Mobilisation of capital for development is one of the most difficult problems facing everyone involved with Sri Lanka's economic development, Mr. James B. Wiesler, executive vice-president of Bank of America's Asia division, said.

Project financing might have to be structured so that lenders were willing to rely for repayment on the cash flows generated by the venture itself.

PRESIDENT MAKES TACTICAL COUP ON MID-EAST

Carter woos the Jewish voters

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER made a tactical coup in engineering an announcement that autonomy talks may be resumed between Israel and Egypt, with the possibility of a summit meeting later, to coincide with pitches made by his Presidential rivals for American Jewish votes.

U.S. Jewish organisations, including the 1m strong American Zionist Federation, welcomed the planned resumption of the negotiations over autonomy. The latest development strengthened Mr. Carter's hand before his speech yesterday to the B'nai B'rith, an influential U.S. Jewish organisation, which in the past 24 hours had been treated to speeches by Mr. Ronald Reagan and Mr. John Anderson.

At stake are the votes of the 6m U.S. Jewish community, nearly half of which is concentrated in the states of New York, New Jersey and Connecticut, all carried by Senator Edward Kennedy, in the primary elections. But Senator Kennedy who was earlier strongly critical of the Administration's Mid-East policies, has planned a joint campaign appearance with Mr. Carter later this month and is clearly rallying around his party's nominee.

Mr. Carter is still deeply suspect among some U.S. Jewish voters for the course his policies might take in a second term with no pressure on him to get re-elected. These voters fear that President Carter, if he wins in November, might start squeezing Israel to make concessions as early as the end of this year when the summit between U.S., Israeli and Egyptian leaders is planned.

The Administration counter to this is that Mr. Carter has never weakened the basic commitment to Israel during his first term, and would not do so in a second four years. It points to the fact that in the past four years Israel has received $11bn of the total $22bn aid it has got from the U.S. in the past 30 years.

Mr. Reagan, the Republican challenger, was applauded no less than 30 times before the Jewish audience here when he accused the Administration of "undercutting" Israel in the United Nations, and of refusing to brand the Palestine Liberation Organisation as a terrorist organisation.

Both Mr. Reagan and Mr. Anderson have been blunter in their support of Israel than Mr. Carter, whose Administration has always used more circumspect language about the PLO—while still refusing to recognise it until it accepts Israel's existence, and has had deep qualms about the Begin Government's creation of Jerusalem as the Israeli capital.

Despite the importance of Israel to U.S. Jewish voters, the domestic policies of the Presidential candidates may yet have a powerful influence on how American Jews cast their ballots.

Mexico bid to cushion impact of inflation

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government is preparing a series of economic measures designed to cushion the impact on the poor of the country's accelerating inflation rate.

The Government admitted this week that Mexico's inflation this year is unlikely to be less than 28 to 30 per cent compared with 20 per cent in 1979. In the first seven months of 1980 the country's consumer price index rose by 18.4 per cent.

The new economic measures include reducing income tax for the lowest bracket, exempting more basic consumer goods, like margarine, coffee and tinned vegetables from value-added tax, and increasing Government subsidies.

The Government is firmly committed to high growth because it is the only way it can hope to alleviate Mexico's serious unemployment problem. About 8m Mexicans are without a permanent job, and the country needs to create 800,000 new jobs each year just to keep pace with their rise in population.

The authorities believe that in 1980 this target will be met for the first time, thanks to the use of Mexico's oil wealth to maintain growth at last year's rate of 8 per cent.

Judge rejects challenge on boy 'defector'

CHICAGO — A judge on Wednesday rejected a U.S. constitutional challenge to the law under which a 12-year-old Soviet-born boy has been placed in custody of the State of Illinois.

Circuit Judge Joseph C. Mooney rejected a motion to dismiss the case of Walter Polovchak, who ran away from home, was granted asylum in the U.S. and was placed in state custody because he did not want to return to the Ukraine with his immigrant parents.

Judge Mooney rejected arguments by attorneys for the American Civil Liberties Union that the portion of the Illinois Juvenile Court Act invoked by the State is unconstitutionally vague. AP

Christian movement gains power

By Jurek Martin, U.S. Editor in Washington

THE FUNDAMENTALIST Christian movement has given further warning of its growing political power by engineering the unexpected defeat of a popular moderate Republican congressman this week in Alabama.

Congressman John Buchanan, who had represented the city of Birmingham in the house for 16 years, was upset in Tuesday's primary by an ultra-Conservative, Mr. Albert Lee Smith, who was openly supported by the organisation known as the Moral Majority, the political lobby founded last year by the Rev. Jerry Falwell, probably this country's most prominent television evangelist.

This organisation claims nearly half a million members, including at least 70,000 practising ministers of the church. It has proved effective in raising money for Conservative causes, such as opposition to abortion, pornography and homosexual rights, and against political candidates who are considered too liberal.

Although both President Carter and Mr. John Anderson, the Independent Presidential candidate, are both "born again" Christians, the preference of the moral majority is very much for Mr. Ronald Reagan, the Republican nominee.

It served his cause prior to the Republican Convention in Detroit by capturing complete control of the delegation from Alaska at local precincts and caucuses.

The downturn has left the New York rag trade in tatters, reports Paul Betts

Mr. Elias is caught with his profits down

RECESSIONS leave Mr. Eli Elias cold. He has survived a good many during the last 50 years, starting with the depression of the 1930s which radically altered his life and was to shape his entire future.

He was then 17. He had just graduated as an engineer in Alabama. But the sudden change in his father's fortunes wrought by the Crash of 1929 forced him to drop all his plans and drove him to New York to seek work.

Half a century after the great American depression, Mr. Elias is still running the same business he started with two uncles—each chipped in $400—in the heart of the New York rag trade district. Like the other 5,500 small garment manufacturers, clustered in an area of barely 10 square blocks at the more rundown end of Seventh Avenue—the absurdly self-styled 'fashion avenue' of the city—Mr. Elias is again struggling to keep his business afloat.

WORLD IN RECESSION

The latest U.S. recession has left much of the New York rag trade in tatters. For Mr. Elias' business—the Ranlyn Fashion Company, with an annual sales volume of about $3.5m (£1.5m), the recession "has taken almost 100 per cent out of our profit picture," Mr. Elias said, munching a bagel stuffed with cream cheese.

Mr. Elias, now 68, manufactures what he describes as "classical ladies' garments," which curiously come under the general definition of sportswear in the U.S. In fact, Mr. Elias, who for the past 32 years has headed the National Skirt and Sportswear Association in New York, makes womens' suits, jackets and skirts in a small workshop combined with offices on the seventh floor of a decaying building in Seventh Avenue.

In recent years, his business has been rocked by the explosion in demand for jeans and casual wear on the U.S. market. While Mr. Elias has been trying to make ends meet, new jeans companies have flooded the market, some growing to $100m businesses in a matter of 18 months. But this, like the 50 per cent surge in imports of foreign "designer" clothes which can now also be bought fro many street hawker in New York's fashionable Fifth Avenue, worries him far less than the general recession in the country.

New York clothing manufacturer Mr. Eli Elias hopes the swing to "classical" fashions will revive his fortunes.

Recession has a swift impact on the rag trade. It has always been New York's staple manufacturing industry, generating turnover of some $15bn a year, and vital to the city's economic structure. Three years ago, New York officially proclaimed itself "the fashion capital of the world," but the industry remains in one of the most run-down parts of the city, it is unglamorous, pays low wages and is particularly sensitive to consumer trends.

With its myriad small, agressive family-run concerns, its failure rate, averaging between 18-20 per cent a year, has always been the highest of any U.S. manufacturing industry. Recession inevitably exacerbates this rate.

Mr. Elias's company has again been forced to readjust. The dire problems of big industry and of the large U.S. retailers, the fall in consumer spending and the tightening of credit have conspired to squeeze the rag trade.

For small garment manufacturers, the sharp decline in profits and sales of the big retailers and department store chains has been a calamity. Only last week, one of New York's biggest department store chains, the French-owned Korvettes Company, was faced with financial collapse until it reached agreement with three banks and a leading insurance company to reschedule its outstanding $55m debt.

"Their problems have quickly worked their way down to us," Mr. Elias said, in the shape of a sharp decline in orders, cancellations and late payments. "They have not done us any favours. They have chiselled and carved and extended repayment periods from 30 to 60 to 90 days."

The Federal Reserve's credit squeeze, announced in March, and soaring borrowing rates, reaching peaks of over 25 per cent, have combined to drive many small garment companies to the wall. "It was not just that money was exorbitant, but it was not available. As long as we can get our hands on cash, we may make a loss but at least we have some room to manoeuvre and take us through the worst patch," Mr. Elias said.

His company was hit as savagely as most. "We lost money. We had to lay off eight of our staff, cutting back our workforce to 18. We had to tighten the ship all round, reducing to a minimum the level of help, and costs and cutting out all fringes."

The eight people Mr. Elias has laid off are among the 20,000 workers who have lost their jobs in the U.S. clothing industry in the last 12 months. This rate of dismissal is as severe as the more publicised troubles of the large U.S. car companies, which have been cutting back their labour forces by as much as a third.

In the longer term, however, Mr. Elias remains optimistic. "Traditionally, the rag trade has never sat back as the fat ones in Detroit have done. As small businesses we can adapt to changing circumstances very quickly. And I somehow don't think people will stop buying clothes," he says.

The recession, too, is gradually producing changes in U.S. consumer attitudes which could favour his type of business. "The trend seems to be turning again to our type of classical garment. Americans are becoming more dressy, more choosy and looking for better and more lasting quality than before."

In the shorter term, however, Mr. Elias's survival will depend on how quickly the U.S. economy pulls out of recession. Despite some encouraging signals, the rag trade sees no effective recovery in retailing until well into next year.

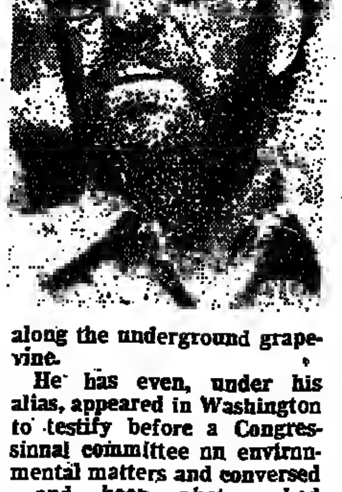
Abbie Hoffman, counter-culture's leader, comes in from the cold

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

ABBIE HOFFMAN came in from the cold yesterday. Befitting his reputation as perhaps the most engaging, even eccentric leader of the counter-culture, anti-war movement of a decade ago, he did it in style, capping a morning appearance at a federal courthouse in New York with an evening prime-time television interview with Barbara Walters, the doyenne of broadcasters.

In 1974, Mr Hoffman, facing charges of selling cocaine to an undercover narcotics agent, jumped bail and disappeared. For the last four years, he has lived, under the name of Barry Freed, in a small island in the St. Lawrence River in New York State, making quite a local reputation for himself as an ardent environmentalist.

Plastic surgery and a beard had disguised his once well-known appearance, yet he was hardly an invisible fugitive. He frequently called newspapers to offer his views about subjects which concerned him and regularly returned messages left for him



along the underground grapevine.

He has even, under his alias, appeared in Washington to testify before a Congressional committee on environmental matters and conversed—and been photographed with—Senator Daniel Patrick Moynihan from New York. The Senator, who failed to recognise him, was told of the encounter this week and observed: "Well, I'm damned."

Mr. Hoffman has surrendered to face justice because, he says, he feels that the attitudes which impelled him to jump bail on drug charges six years ago have changed. He cited recent articles about the prevalence of drug use in professional sports and the recent tendency towards lenient sentences for occasional users of narcotics.

But the narcotics habit was more of a symbol of Abbie Hoffman's sometimes puckish assault on American social values. This was best expressed in his leadership of the nihilistic, anarchistic Yippie movement in the late 1960s, which gave distinct and savage satirical overtones to the widespread protests of young Americans against the Vietnam war.

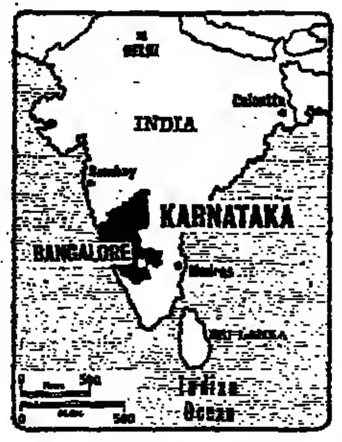
Abbie Hoffman, the last of the great rebels, whose son is called America, who once ran a pig as a presidential candidate, who wrote a marvellously funny book about freeloading entitled, inevitably, "Steal This Book," seems intent on rejoining the mainstream.

India may penalise Iran for failing to accept iron ore

BY K. K. SHARMA IN NEW DELHI

THE Indian Government intends to invoke the penalty clause in its contract with Iran on the Kudremukh iron ore project in Karnataka state if Tehran fails to accept ore shipments due to begin this month.

So far, there has been no indication from Iran that it is willing or able to acept any iron ore from the project.



The project was commissioned last month under the terms of the contract with the Iranian Government signed when the Shah was in power. The agreement provided for credits of $630m from Iran but about $400m is still outstanding and the Indian Government completed the project with its own funds.

Under the contract, India would bave paid heavy penalties if the project was delayed and no shipments for Iran were made by September, 1980.

The agreement stipulated penalties if Iran declined to accept tbe iron ore. These amount to the difference between the contracted price and that which an alternative buyer would pay.

Talks have been held inconclusively with Iranian Government both on the outstanding credits and on the iron ore shipments. Indications have been given that Iran is not in a position to accept the shipments because the steel plants for which they were intended are not ready.

India is looking for alternative buyers of the ore and inquiries have been received from Indonesia and some other countries. But they cannot accept the iron ore concentrates in the form produced at Kudremukh and a proposal to establish a pelletisation plant there is being considered.

Meanwhile, Kudremukh will have to stop producing and is threatened with heavy losses.

The Indian Government plans to bold Iran responsible for the losses but it bopes that a final round of talks will be held to settle the matter. The Government is reluctant to annoy Iran for political reasons and because lt is a major source of crude.

U.S. call to aid in EEC fibre dispute

By David Buchan in Washington

THE CARTER Administration yesterday said it was encouraging U.S. synthetic fibre monnfacturers to co-operate with the European Community's anti-dumping investigation on their polyester yarn exports to the EEC.

Mr. Robert Hormats, the depnty U.S. Trade Negotiator, also said in a atatement that the U.S. Government would take up the dumping matter with the Brussels Commission so that any final ruling would be "fully consisient with internationally agreed rules."

The *EEC Commission*'s decision on Monday to tevy provisional dumping duties on U.S. *polyester shipments* was not unexpected in Washington, though U.S. officials *privately point out it may* make a negotiated settlement to the U.S. suit against European *steelmakers politically* a bit more difficult.

The EEC had complained that the main U.S. synthetic fibre companies — Monsanto, Dnpont and Eastman Chemicals — bad refused earlier this year to provide information to Brussels investigators.

Yesterday's statement by Mr. Hormats neither confirmed nor denied this, bnt clearly stressed the Administration view that if the U.S. companies want their case pnt forcefully in Brussels, they *must co-operate.*

Japan to negotiate Soviet loans

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S Export Import Bank which, with one exception, has refrained from issuing credits to the Soviet Union since the beginning of this year, is to be allowed to proceed with negotiations on two resource related loans.

The go-ahead appears to signify a softening in Japanese policy towards Moscow, especially as it will be accompanied by the issue of an entry visa to a senior Soviet trade official.

Japan's Foreign Ministry, however, claims that its basic "line" towards Moscow remains unchanged. This consists of discouraging visits by Soviet officials and banning exports of high-technology equipment.

The extension of credits by the Ex-Im Bank has been subject to case-by-case scrutiny by the Cabinet since early this year, with only one credit, *$350m (£154m)* loan to finance the export of wide-diameter steel pipes, so far passing the screening process.

The steel pipe credit was apparently approved after a similar deal had been made by West Germany. The two resource related credits are being implemented, officially, because of Japan's need to *secure a "stable flow"* of resources. It is hard not to believe, bowever, that there is some connection between the new move and a series of recent initiatives taken by the Soviet Union to improve relations with Japan.

The most important of these was a speech by Mr. Leonid Breznhev, the Soviet leader, hinting at Russian interest in more cordial relations. The speech, made last Friday, was the Soviet leader's first major statement on Soviet-Japanese relations since 1977 (when be was interviewed by a Japanese TV channel).

The Exim Bank, while confirming that negotiations will begin shortly, bas refused to give any detail about the amount of the forestry development credit. The credit will, however, launch the third in a *series of long-running timber* development schemes in which the two countries have been involved. The coking coal credit, worth about $40m will be a supplemenutary loan designed to cover cost overruns on a project in southern Yakutia which has been under way since 1974.

The Soviet trade official who will visit Tokyo shortly (perbaps as early as next week) is Mr. V. Sushkov, a deputy Minister of Foreign Trade. Mr. Sushkov is the normal Soviet participant in twice-yearly discussions on the progress of the Sakhalin offshore oil exploration project in which Japan and the Soviet Union are partners. Oil drilling in Sakhalin began early in July and will continne until late October. No talks on the programme bave been held since the beginning of 1980, although the *Soviet Government* has wanted to bold a meeting.

Mr. Masayoshi Ito, Japan's Foreign Minister, is expected to meet his Soviet counterpart, Mr. Gromyko, in New York either later this month or early in October. Mr. Gromyko is also overdue for a visit to Japan but in the still chilly relations between the countries there is no prospect of this taking place in the forseeable future.

Italy shoe makers seek EEC help on imports

MILAN — Italian shoe manufacturers bave decided to turn to the European Economic Community *for new* trade measures to staunch the worsening sales slump at *home and abroad.*

At a meeting scheduled for September 17 at Brussels, the industry consortium ANCI said lt plans to request initiatives in EEC trade policy to ensure reciprocity in trade contracts, particularly regarding import duties. Italian shoes are subject to a 40 per cent import tax in Spain, for example, while duties in Argentina and Brazil run as high as 170 per cent.

ANCI's planned request comes against a background of alumping sales of Italian shoes both at bome and abroad. Industry figures show that in the first balf of 1980, Italian shoe exports fell an average 10 per cent, despite good gains registered in January and February. April sales fell roughly 13 per cent from a year earlier, wbile sales in May registered a record 44 per cent drop and in June a 19 per cent drop.

The figures bear out earlier predictions, which Italian manufacturers used in February to convince the U.S. that it should not impose trade barriers on Italian-made shoes.

On the domestic market, meanwbile, Italian manufacturers suffered increased pressure from low-cost imports and the appearance of new competition from sucb places as the U.S. According to industry data, imports rpse by 7.5m pairs of shoes in the first six months, an increase of 58.8 per cent over the year-earlier period. Industry officials noted with particular concern the sbarp rise in sales of inexpensive shoes from China, Taiwan and India, where low labonr costs and favourable exchange rates *create* large competitive advantages.

Competitive pressures also stand to increase with an expected 10 per cent net fall in sales in Italy by the end of the year. Despite the drop, shoe imports into Italy are seen touching the *38m-pair* mark by year-end to capture roughly 30 per cent of the market.

AP-DJ

BP granted Sinai drilling rights

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM has been granted its first exploration rights over an Egyptian offshore block—a 1,200 sq km tract off the Northern Sinai which was once licensed out by Israel wben it controlled the Sinai.

BP's agreement is one of six recently reached by the Egyptian General Petroleum Corporation with international *companies*. It has *granted* exploration rights over three more blocks (16, 22 aod 28) in *the Northern Sinai to the* International Egyptian Oil Company, an affiliate of Italy's ENI, and two to CFP-Total of France (blocks 14 and 26).

The BP grant covers block 21 and provides for a $1m (£414m) payment to be followed by investment of $10m over three years, with an option of a further four years and additional expenditure of a further $10m.

Israel's licensing arrangements became invalid wben it withdrew from Sinai. BP became interested in block 21 after buying data on it from a Houston-based company, Moncrieff. It expects to start seismic work next year and drilling could begin in 1982.

Although this is BP's only offshore Egyptian exploration *bloc*, it bas interests in several onshore blocks. It bas a one third sbare with Deminex and Shell in various sites east and west of the Gulf of Suez, ooe of which could be in production in 1982, and is exploring on its own in Southern Sinai. It also bas interests in the Nile delta.

Egypt is a relatively small oil producer, with output running at about 500,000 b/d. The new agreements bring to 82 the number of exploration deals concluded since 1973, involving exploration spending of $1.6bn through to 1983.

● C. Itob bas won a $152m (£63m) Chinese contract to help build an ethylene prodnction complex in the northern China province of Sbandong, Reuter reports from Tokyo.

The contract, payable half in yen *and half in dollars*, was awarded by China's Cbi-Hui Petrochemical General Corporation. It *includes* constructing water treatment, transportation and storage facilities at the complex wbich will bave the capacity to produce 300,000 tonnes of ethylene annually.

Saudis lend Kenya £9m

By John Worrall in Nairobi

THE Saudi Arabian Government *is* to lend *Kenya K£8.3m* (£9.5m) for the construction of the projected road link between Kenya and southern Sudan. The agreement was signed in Riyadh this week.

Repayments will be made over 20 year period, with a five-year grace period and carries 3 per cent interest.

The road will go from Lodwar, in Kenya, to the Sudan border, a distance of 245km, and has been estimated to cost K£11.7m. The balance is to be funded by the EEC and the Kenya Government.

Cooper Rolls wins £16m Shell engine order

FINANCIAL TIMES REPORTER

COOPER ROLLS, jointly owned by Rolls-Royce and Cooper Industries of the U.S., bave won an export contract worth $40m (£16.5m) to supply gas turbine compression modules for offshore use in the South China Sea.

Rolls-Royce's industrial and Marine division in Coventry said yesterday that delivery is scheduled for the end of the year.

Five gas turbines, two Rolls-Royce-powered to be made in Glasgow and three Ruston-powered to be manufactured in Lincoln, will be supplied. They will provide Brunei Shell Petroleum with 50,000 bp for gas gathering and transmission duty in their Champion 7 field, helping to create the largest offsbore installation in Sonth-East Asia.

The order was placed by Scallop, a subsidiary of Royal Dutch Shell.

Rolls-Royce said there is a growing list of offshore contracts around the world for Rolls-Royce gas turbine engines. "In all, 104 engines are either operating, or are on order, for platforms in the North Sea, the Gulf, the Arabian Sea, Venezuela and the South China Sea."

Canada group in China deal

By Robert Gibbens in Montreal

CANPOTEX, the marketing arm of the Saskatchewan potash prodncers, has signed a sales contract with Sinochem, the Chinese State trading company, which could be worth np to C$300m (£108.1m).

The contract provides for the sale of a minimum of 650,000 tonnes of potash a year. It starts next January. The purchase price is to be based on the market conditions over the contract's life of three years.

The deal is bigger than Canpotex had expected when it started negotiations.

Lurgi links with Exxon in Texas gas scheme

BY KEVIN DONE IN FRANKFURT

LURGI, the Frankfurt-based process plant engineering company, bas signed a licensing agreement with Exxon, the U.S. oil company for the construction of a $3-$4bn (£1.6bn) coal gasification scheme in east Texas.

Lurgi, which is licensing the use of its well-tried gasification process, has been awarded the contract to carry out the engineering studies, wbich are expected to last up to two years.

Tbe final decision to go ahead with building the plant will be made by Exxon wben this engineering study bas been completed.

The estimated cost of $3-$4bn is understood to cover the total project investment, including the establishment of a local lignite mine to provide fuel for tbe plant.

Exxon's coal subsidiary bas completed the purchase of local lignite reserves for the plant, which will be built at Troup, Texas.

The Lurgi gasification process has already been put to commercial use in many parts of the world, including the Sasol coal liquification plant in South Africa where it bas been operating since 1955.

In the Sasol scheme, the coal is first gasified before being liquefied in a further processing step.

The Exxon plant will aim only at gasifying the brown coal, and no decision has yet been made on the final use of the synthetic gas.

It would be suitable for further *processing into basic chemi*cals such as methanol and ammonia, or it could be used for heating purposes. The synthetic gas used by this process will have a calorific value similar to the old town gas which was midely prodnced in western Europe before the discovery of natural gas in Holland and the North Sea.

The synthetic gas has about balf the calorific value of North Sea natural gas. The Exxon plant in Texas will be designed to prodnce about 20m cubic metres of synthetic gas a day, *equivalent to a liquid output of* some 63,000 b/d.

UK NEWS

Lloyds and Amex plan prestige joint card

By Michael Lafferty, Banking Correspondent

LLOYDS BANK and American Express are joining forces to launch an exclusive plastic payment card for higher income earners in the UK next year. The card will be the existing American Express gold card, at present issued only in the U.S.

The link with Lloyds is likely to be the first in a series of new arrangements with banks throughout Europe for the issue of the American Express gold card.

In addition to the features of the normal American Express green charge card, it will offer holders a range of services such as the facility to draw up to £1,000 in cash and traveller's cheques without a cheque book at all American Express travel offices.

Other facilities will include a £100 cheque-cashing arrangement at all Lloyds Bank branches in Great Britain, and a Lloyds Bank cash dispensing card enabling up to £100 a day to be withdarwn from over 900 machines nationwide.

Another feature of the gold card programme will be an overdraft facility with Lloyds on which interest will be charged at 2 per cent over bank base rate.

Lloyds and American Express have not finalised all the features of the new card scheme, including its cost. However, they suggest that there will be an enrolment fee of £35, and an annual subscription of about the same amount.

People will probably need to be earning over £20,000 a year to obtain a gold card.

Mr. Bob Amos, assistant chief general manager at Lloyds, said yesterday that the card programme was a marketing device designed to bring new customers to Lloyds.

Travel trade hits back at criticism

By Elaine Williams

THE TRAVEL industry hit back yesterday at allegations by the Consumer Association's magazine, Holiday Which, that travel agents are often badly informed or give wrong information.

The magazine reported that 115 of its inspectors anonomously visited travel agents and were frequently appalled by the amount of bad advice they received.

The Association of British Travel Agents, ABTA, said yesterday: "If things were as bad as Which says we would obviously be doing things about it. We have ourn own inspectors who visit every travel agent and our research indicates that the majority of customers get satisfactory treatment."

ABTA said an independent survey by Woman magazine revealed that 91 per cent of a sample of 3,000 readers were satisfied with travel agents.

Mr. Tony Heavens, managing director of P and O Travel said modern travel was complex and offered the danger of pitfalls as well as great opportunities.

Lords back £32m boost in research

By David Fishlock, Science Editor

A LORDS select committee has given its blessing to EEC proposals for a £32m research programme in bio-technology, spread over 1981-85.

The Select Committee on the European Communities believes that the biomolecular engineering research and development programme will complement Britain's efforts in bio-technology.

The programme is aimed at aiding the bio-technology industry and assisting researchers in "genetic engineering." Half the cost is being met from the Community budget.

The six projects envisaged include the development and evaluation of new kinds of reactors for bio-technology processes using living organisms as catalysts; and studies on the stability of organisms and ways of detecting contamination in bio-technology operations.

Biomolecular engineering. Report of the House of Lords Select Committee on the European Communities. Paper 350, pp 48. HMSO £4.70.

Lucas Girling to cut production by a third

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS GIRLING is to axe the equivalent of 2,200 jobs, about 30 per cent of its workforce, because of the motor industry's slump.

Lucas Electrical, which has already called for 3,000 redundancies, has announced plans for short-time working at the Burnley switchgear and relay plants equivalent to another 240 jobs.

Two engineering companies in Lincoln are also making more than 200 people redundant, it was announced yesterday. Clayton Dewandre, which makes car brake components, is to lose 189 jobs and Caplin Engineering will cease normal production, putting 32 out of work.

Lucas Industries said last night that employment prospects for its 64,000-strong workforce were continually under review.

Girling, the brakes and suspension division with 7,600 workers at seven UK plants, said the recession had proved deeper than expected. From next month production will be cut by between 20 and 30 per cent by short-time working and voluntary redundancies.

Discussions will take place with unions during the next two weeks, and there is no question yet of compulsory redundancies.

Girling has been hit by the international downturn in demand for cars, commercial vehicles, tractors and railway equipment.

At Lucas Electrical, unions have moderated their outright opposition to redundancies. The company has extended today's deadline for volunteers by two weeks, but it still seems likely that 500 people will have to be dismissed.

Against the climate of recession and redundancies, Lucas management must be optimistic of achieving satisfactory pay deals with its workforce, most of whom should have settled from the beginning of July.

In the Birmingham area 12,000 workers have already reluctantly accepted a 10 per cent pay offer. But about 1,200 toolmakers, who are still in dispute, could pose a problem.

At Clayton Dewandre, employees last year accepted wages cuts of up to £16 a week in an attempt to save jobs. But the company said that sales had been hit.

Caplin, which makes parts for the microchip industry, said it had suffered from fewer export and cash flow problems.

BR may end delivery of parcels

BY PHILIP BASSETT

BRITISH RAIL, which has already decided to cut train services by between 2 and 5 per cent as an economy measure, is considering abandoning the collection and delivery of rail-freighted parcels to cut coats further.

Under the terms of a proposal considered yeaterday by the British Railways Board, BR would still transport parcels between stations, but would no longer offer collection from place of despatch and direct delivery to the final destination.

The proposal is likely to anger leaders of the three railway unions, who are already responding strongly to BR's proposed cuts, which it is estimated will result in the loss of 3,500 jobs in rail and lorry parcel transport.

The cut in services stems directly from BR's financial difficulties. It has already announced an operating loss of £24.2m for the first half of the year and expects to exceed its annual cash limit by £40m-£50m.

If implemented, the proposal would severely curtail the present parcels service. The bulk of non-station-to-station parcels, —more than 90 per cent of the total—involve collection and delivery. So all this could fall within the scope of BR's economy plan.

Red Star parcels, which are only carried at premium rates of payment, comprise about 13 per cent of the total load. Last year some 5.5m Red Star parcels were carried, while the number of other parcels transported was about 37m.

The total parcels revenue for the board last year was £131m, of which close to £100m stemmed from the collection and delivery service.

Lynton McLain writes: The British Railways Board met yesterday to agree on the level of its second train fare rise in under 11 months. Train fares last rose on January 6 by an average of 20 per cent, but in some busy routes they rose by almost 30 per cent.

The board said the level of the proposed fare rise—widely expected to be about 15 per cent—would be announced on September 17. In the meantime, Sir Peter Parker, chairman of British Rail, has arranged to tell Mr. Norman Fowler, the Transport Minister, about the planned rise.

Deficit smaller than expected

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DEFICIT on the current account of the UK balance of payments in the first half of this year was much smaller than previously estimated.

Figures published yesterday by the Central Statistical Office show that the deficits in the first and second quarters of this year were £162m and £68m respectively.

This compares with previous estimates of £417m and £149m deficits for the two quarters and an average quarterly deficit of £466m last year.

The changes have occurred mainly because of upward revisions to the estimated surpluses on invisible trade, though the surplus still dropped from £470m to £233m between the quarters.

The invisible transactions of the private sector and of public corporations (excluding transfers) were in surplus by about £1.23bn in the second quarter, compared with more than £1.3bn in the previous three months.

The balance was depressed partly by the exceptional rebafes of investment incomes as the double tax convention with the U.S. came into force.

On the other hand, the balances of interest receipts by UK banks on their Euro-currency business with non-residents moved back into surplus again.

There was a continued sharp rise in interest, profit and dividend debits on foreign oil companies' investment in the UK—£782m in the quarter compared with £497m in the same period a year earlier.

There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Expenditure in the UK by overseas visitors fell slightly in the second quarter. The number of visitors was 2 per cent higher than in the same period of 1979 but was unchanged compared with the previous three months. The net result was that the surplus on travel account of £80m was the lowest in any quarter since 1975.

Britain's net contributions to the EEC rose by about £170m partly because the concession whereby the UK did not contribute on the same basis as original members was finally phased out.

There was a surplus of £539m on capital account (including unidentified transactions) in the second quarter compared with £1.31bn in the previous three months.

Sterling deposits and British Government stocks held by private non-residents rose by about £1½bn during the quarter.

BALANCE OF PAYMENTS (£m)

	1978	1979	1979 4th qtr.	1980 1st qtr.	1980 2nd qtr.
Seasonally adjusted					
Visible trade (balance)	−1,546	−3,404	−785	−632	−301
Invisibles (balance):					
Services	+3,486	+3,579	+954	+1,046	+988
Interest, profits and dividends	+520	+289	−174	−34	−109
Transfers	−1,840	−2,327	−634	−542	−646
Total	+2,166	+1,541	+146	+470	+233
Current balance	+620	−1,863	−639	−162	−68
Not seasonally adjusted					
Current balance	+620	−1,863	−415	−358	−293
Investment and other capital transactions	−3,518	+1,170	−231	−223	+89
Balancing item	+1,772	+2,403	+617	+1,090	+450
Balance for official financing	−1,126	+1,710	−29	+509	+246
Allocation of Special Drawing Rights	—	+195	—	+180	—
Official financing					
Official reserves (drawings on, + additions to, —)	+2,329	−1,059	+116	−457	−140
Other official financing	−1,203	−846	−87	−232	−106

Source: Central Statistical Office

Consett workers agree job cut talks

By Maurice Samuelson

THE PROSPECT of a confrontation over the closure of the British Steel Corporation's works at Consett, Durham, faded yesterday when the overwhelming bulk of the workforce voted to begin talks on redundancy terms.

At a mass meeting which lasted just 20 minutes, only a handful of the 3,700 workforce voted against the talks.

The rundown of the works is due to start on Sunday and production will cease at the end of next week.

British Steel has promised to keep the blastfurnaces warm "for a reasonable period" in case it receives a last minute proposal to take it back into private ownership.

But it has had no bids yet, in spite of Monday's meeting between Industry Department officials and two management consultants claiming to represent a group of Northern industrialists.

The Consett workers' quick acceptance of redundancy talks means that BSC is set to achieve the 52,000 reduction in its workforce, announced in December, without a further dispute on top of the recent three-month pay strike.

The closure of the iron and steel works could mean that more than 30 per cent of Consett's male workforce will be unemployed.

Casinos deal

REO STAKIS, the Glasgow-based hotel and leisure company, will take over the ownership at mid-day today of the first and most profitable of the five provincial casinos it is buying from the Ladbroke Group for over £4.4m cash.

This follows the decision by magistrates in Leeds yesterday to approve transfer of the casino licence there to Reo Stakis, which also has consent certificates from the Gaming Board for the Ladbroke clubs in Birmingham and Bristol.

Mr. John Loughray, the managing director of the Glasgow company, said he was also expecting the necessary consents from the Gaming Board on the other two casinos it is buying from Ladbroke in Middlesbrough and Stockton.

Energy strategy

THE RECENT fall in oil consumption in the UK shown by figures issued earlier this week was no basis on which to plan a medium-term energy strategy, Mr. David Howell, Energy Secretary, said yesterday.

The 11.3 per cent drop in oil consumption in the three months to July was the result of stockpiling last year and the recession.

It was a very unsafe base from which to build a strategy to take account of uncertainty about the future policy of OPEC and political events such as had happened in Iran.

Beer decline

UK beer production fell by 6.3 per cent in July to 3.44m bulk barrels, compared with the same month last year, the Brewers' Society said yesterday. Production in the first seven months of 1980 was 1.8 per cent lower.

Printing losses

BRITAIN'S printing industry had a balance of trade deficit in May of £3.5m—the first time it has slipped into the red this year. This compares with a surplus in April of £3.6m.

Factors for the decline include increased competition in home and overseas markets caused by the strong pound.

British Airways facing fight on first class plan

BY LYNTON McLAIN

BRITISH AIRWAYS is expected to face stiff opposition from other airlines to its plan, announced yesterday, to phase out first-class fares on all its European services from April 1.

In particular, Lufthansa, the West German airline, Swissair, Iberia, the Spanish airline, and Air Portugal remain committed to offering first-class fares in Europe.

These airlines remain intransigent in spite of pressure from British Airways at this week's meeting of the International Air Transport Association in Geneva, called to discuss fare strategy for the future.

British Airways had already dropped first-class fares in an experiment on the London to Paris route earlier this year, in association with Air France.

In spite of the opposition from some European airlines to the plans, British Airways already has the support of KLM, the Dutch airline, SAS, the Scandinavian airline, Olympic, the Greek operator, Finnair, Gibair, Air Malta and Luxair.

Under an agreement negotiated with KLM, British Airways plans to drop first class fares on its services between London and Amsterdam, and between Manchester and Amsterdam from November 1.

However, no new fares have yet been agreed. British Airways said yesterday that the new level of fares would "depend on reaching agreement with the International Air Transport Association members."

British Airways is also planning to follow the lead given by Air France earlier this year in dropping first class on the London to Nice route, from October 26, although again no new fares have yet been agreed.

BA also hopes to drop first class on the Birmingham and Glasgow to Paris services from the same date.

The state-owned airline refused to give figures yesterday to back its claim that the traffic on the London to Paris route had increased as a result of the change from first class to club class. This class is available at 75 per cent of the former first class rate and is offered alongside a new tourist fare, at 75 per cent of the previous economy fare.

Cable and Wireless chairman named

BY ELAINE WILLIAMS

MR. ERIC SHARP, chairman of Monsanto's UK subsidiary, is to take over the chairmanship of Cable and Wireless, the state-owned telecommunications company, when Lord Glenamara retires in October.

His appointment—which is part-time—comes when the Government's plans to sell the company to private enterprise have been dogged by Whitehall differences over the disposal.

Sir Keith Joseph, Industry Secretary, is anxious to bring in private finance to Cable and Wireless, but wants to ensure that the company's success is not affected by a rash decision to sell too quickly. The Treasury, on the other hand, is keen to proceed with its disposal.

Mr. Sharp, who was the favourite for the chairmanship, is believed to be in tune with the Government's views on selling off the company.

He will continue as chairman of Monsanto on a part-time basis, although preparing Cable and Wireless for the sale is likely to take a lot of his time.

Mr. Sharp joined Monsanto in 1969 and is president of the Chemical Industries Association. He was awarded the CBE in the New Year's Honours List, and is a part-time member of the Central Electricity Generating Board and chairman of Polyamides Intermediates.

Previously he was a Principal in the Ministry of Power in 1957, and a board member of ICI.

Split over worker directors

By John Elliott, Industrial Editor

A SPLIT has emerged in the UK among senior industrialists and other lobbyists who are trying to stop the European Commission introducing a directive on worker directors in the next few years.

This emerged at an Institute of Directors conference in London yesterday when Mr. Walter Goldsmith, the Institute's director general, criticised efforts by Conservative Members of the European Parliament who have been trying to water down the Commission's proposed fifth directive.

Mr. Amédée Turner, a lawyer and Conservative MEP for Suffolk, who is vice-chairman of the European Parliament's legal affairs committee, said the Parliament was finalising new proposals to replace the Commission's draft directive.

These were aimed at avoiding the compulsory appointment of worker directors and gave companies a choice of a single or double tier board. Companies opting for a single-tier structure would have to introduce a consultative council elected by all employees, including management.

Mr. Turner said he and his fellow MEPs considered this was the least that they could hope to push through the Parliament.

But Mr. Goldsmith said these proposals were "no more satisfactory" than the existing draft directive, and were "unlikely to succeed" because they would not appeal to all countries involved.

Mr. Goldsmith also announced a list of consultative measures that companies should introduce. These are partly aimed at reducing political pressure for legislation on industrial democracy, but they fall far short of most trade union demands. They included issuing company information to employees through addresses by company chairmen and the publication of annual reports for employees, the creation of company-wide consultative committees and work-place committees, and the encouragement of employee share ownership.

Row grows over Scottish agency's overseas role

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE GROWING row over the role of the Scottish Development Agency in seeking overseas investment was fuelled yesterday.

Mr. Peter Balfour, chairman of the Scottish Council (Development and Industry) called on Mr. George Younger, Scottish Secretary, to reject the proposal that overseas promotional work be taken from the agency and given to Government departments.

The proposal had been put forward last week by the Commons Scottish Select Committee. Its report had been based on party lines, the committee's Conservative members urging th switch and Labour MPs opposing it.

Mr. Balfour, chairman of Scottish and Newcastle Breweries, which last year made a contribution of £1,000 to the Conservative Party, said that to give responsibility for promotion "to a body whose political masters are in London is to leave Scotland vulnerable and exposed to changes in the political climate in the south."

The suggestion has been attacked strongly by Mr. Lewis Robertson, outgoing chief executive of the agency. Mr. Robertson has been urging the Government to expand the agency's operations in America and Japan.

The agency has offices in New York, San Francisco and Brussels and wants to go further afield. However, it clashes with Government policy to use the Trade Department as the main instrument in attracting investment to Britain and then encourage regional bodies to put up the case for any potential entrant going to their area.

Mr. Balfour, who previously has attacked the Government's regional policies, returned to this theme when he suggested that Whitehall should "think through its regional policy—or lack of regional policy."

Speaking in Dunfermline, he said there was under-utilisation of Scotland's assets and people. This was disgraceful in a country self-sufficient in energy.

U.S. market move by British Aerospace

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE is to make its own bid to win orders in the rapidly expanding U.S. commuter-airliner market by sending a 50-seat BAe 748 airliner on an eight-week demonstration tour of the U.S. beginning this month.

The aircraft will go first to the National Business Aircraft Association annual show at Kansas City on September 23. It will then tour 18 states concluding with an appearance at the Commuter Airlines Association of America meeting in Phoenix, Arizona, on November 11.

The twin-engined 748 has already won sales of 350 aircraft to 75 operators in 45 countries, worth about £500m, of which about £400m has been in exports.

But, the new market potential which deregulation has opened for commuter airlines in the U.S. is believed to offer a major opportunity for new order for the 748 in spite of strong competition developing for other types of aircraft.

Many of these rival designs are only just starting their development, and will not be available to the airlines until about 1983, whereas the 748 is available now.

It is already in quantity production at British Aerospace factories centered on Manchester, at a rate of about one and a half aircraft a month, but this rate can be swiftly increased to meet demand.

● The flag airline of Trinidad and Tobago, British West Indian Airways International, has signed a contract with Lockheed for two more long-range TriStar jet airliners to replace ageing Boeing 707s.

The new aircraft will be of the latest Series 500 version and the deal is worth about \$100m (about £41.5m). Of this about one third will come to Rolls-Royce whose RB-211 engines power the TriStar.

Delivery of the two new aircraft is expected in late 1981 and mid-1982.

Hopes rise for Swiss Rapier deal

By Our Aerospace Correspondent

HOPES OF the UK winning a major new order for Rapier low-level anti-aircraft missiles appear to be strengthening.

The Dynamics group of British Aerospace is to display the missile's capabilities to members of the Swiss Parliament in Switzerland early next week as part of the negotiations on the deal.

The Swiss have shown interest in Rapier for many months and are understood to be thinking of buying up to 25 units of four missiles each and support equipment. The deal is worth more than £200m.

If British Aerospace wins this order, its success will follow the recent sale of Rapier to the U.S. Air Force for the defence of U.S. air bases in the UK in a deal also worth over £200m.

Rapier has been in production for some years and is in use or on order for the UK armed forces and those of six other nations.

Dash 535 engine may use less fuel

ROLLS-ROYCE is working on further improvements to the fuel consumption of the Dash 535 version of the RB-211 engine, to meet increasing competition from U.S. engines for the next generation of short- to medium-haul airliners, writes Michael Donne.

The engine has been ordered for the Boeing 757 twin-engined short-haul airliners ordered by British Airways and Eastern Airlines of the U.S.

It was designed to offer fuel savings of up to 40 per cent per passenger over the earlier engines it will replace.

But engineers at the headquarters of the Rolls-Royce aero division at Derby, believe they can improve this even further and are working to achieve at least another 4½ to 5 per cent reduction in consumption from the engine.

The strenuous efforts Rolls-Royce and its competitors are making to reduce fuel consumption stem from the formidable competition between them for orders and from the price of fuel. This costs about \$1.50 (62p) a U.S. gallon and is expected to soon rise again.

Rolls-Royce engineers say the first production Dash 535 engine will be assembled and tested before the end of 1980, with the first test-bed flight in May, 1981. The maiden flight in a Boeing 757 is scheduled for 1982.

John Moore looks at the insurance markets latest figures

Timely £131.4m profit for Lloyd's

THE ANNOUNCEMENT of near record profit figures of £131.4m for the 1977 underwriting year by Lloyd's of London has come at a useful moment in the market's history.

The number of members joining the market, which relies on the backing of private wealth to support its operations, has been sliding in the wake of a series of scandals and controversies within the Lloyd's market.

Mr. Peter Green, Lloyd's chairman, says about 1,000 new members could be elected for 1981 compared with the 1,492 members who began underwriting at the beginning of this year. A good set of figures will obviously reassure members.

The 1977 account, the latest for which figures are available under Lloyd's three-year accounting system, bears only a few of the scars of the computer leasing claims, which could be the largest series of losses the market has had to face.

Lloyd's says only \$71m (£29.5m) of claims had been paid out by the end of last month out of a potential \$340m total loss. The 1977 account, audited as at December last year, is likely to have withstood something less than the \$71m indicated yesterday in actual cash terms.

Litigation involving Lloyd's underwriters and computer leasing policyholders has held up the payment of a large number of the claims. "Negotiated settlements" with other policyholders are also adding to the delays.

Lloyd's members are reserving \$340m for future losses. This is a charge against the 1977 account. Until the claims are actually paid, these reserves will be a source of investment income.

Lloyd's underwriting members have been buttressed in the 1977 underwriting year by investment income. More than £30ma net of other debits and expense items of the reported £131.4m is represented by investment income and other miscelaneous items not detailed.

At the underwriting level the story is somewhat different. The marine market has had a sluggish time showing a technical profit of £76.4m, compared with £74.7m in the 1976 underwriting account, on an increase in premium of 9.4 per cent to £696m.

Lloyd's says the figures for the 1978 account, to be reported next year, should show a profit but claims are rising. As for the 1979 marine underwriting year, the picture is bleak.

The run of tanker losses in 1979 is taking its toll. The settlement ratio of claims to premiums in the first year of the 1979 account is running at 32.6 per cent, the highest since the mid-1960s, when claims soared in the aftermath of Hurricane Betsy.

After a disastrous 1979—and a poor start to 1980—the marine market is looking a little healthier as rates have risen following the large run of claims. But there is the huge Avondale settlement where Lloyd's and insurance companies are taking part in \$300m of losses arising from claims for three liquefied natural gas carriers, after the failure of their insulation systems. This continues to overhang the market as settlement arrangements have yet to be agreed.

The non-marine market, covering the general insurance business which Lloyd's accepts, produces nearly half of Lloyd's total premiums of £1.9bn, although it consistently produces the lowest return of any of the markets.

Non-marine business produced an underwriting profit of £7.4m in the 1977 account, compared with a loss of £1.53m in the previous account. However, some £22.5m was produced by investment income, and the market had returned to profit at the underwriting level after absorbing the extraordinary losses of the Sasse syndicate in the 1976 account.

The motor market suffered a poor underwriting year in the 1977 account, showing a fall in technical underwriting profits which were down from £17.5m to £14.6m.

After expenses the result was reduced to an ultimate profit of nearly £8m. Claims rose 31 per cent to £133m against an increase in premiums of 24 per cent to £147m.

The increase in accidents and inflation affected the account, although road conditions in the latter months of last year and early 1980 were favourable because of better weather. Even so, Lloyd's underwriters are planning to increase premiums again this year.

The aviation market showed a sharp fall in technical underwriting profits from £5.6m to £1.2m. The loss ratio for 1977 at the end of the third underwriting year was 99.18 per cent—the highest percentage for 20 years.

The premium of £145.5m remained virtually static, certainly a reflection of the overcapacity that exists in world insurance and reinsurance markets.

In 1979 19 western-built jet airliners—including three wide-bodied aircraft—were totally destroyed. The hull cost to the worldwide aviation market was \$212m. Two satellite claims in 1979 also produced large claims. In spite of the large claims only marginal increases in premium rates have been recorded.

International uranium grid proposed by Japan

BY ROY HODSON

An international network of uranium stockpiles has been proposed by Japan. Tho arrangement between governments would act as a safety net to protect nations dependent npon nuclcer power from disruptions in uranium supplles and from unusual fluctuations in the uranium market.

Mr. Atsuhiko Yatabe, *director general for scientific and technological affairs for* the Japanese foreign affairs ministry, revealed the Japanese plan and the arguments supporting it at the Uranium Institute symposium in London yesterday.

There would be three main advantages if consumer countrica and uranium producing nations made available parts of the many uranium stockpiles that existed to form a new world network, he said.

Risks would be shared much more widely because individual nations would be less dependent upon their own assessments of the uranium market. As the netwerk would be hased upon existing stockpiles there need be no substantial extra spending upon additlonal stockplles.

Finally, if a sufficiently large number of nations agreed to join what would amount to a uranium pool, the participants would be in a strong position to cover themselves against major Interruptions or fluctuations ln uranium supplies.

International co-operation on the scale proposed would heve a stabilising effect upon the world uranium market, Mr. Yatabe said. The safety network *would on the one hand help* assure uranium supplies to consuming countries and, on the other, encourage the sound development of mining industries in the uranium producing countries.

There was a fundamental interdependence between snpplier and consumer countries and the sound development nf the uranium market would hring benefits to anpplier and consumer countries alike.

"We are ell wel eware that a sound international market must be built upoo mutual confidence and that this is the only way to essure a sound future for this very important energy resource."

Calling for a detailed study and investigation of the Japanese proposal he said it must include some sorting out of existing commercial contracts as well as a proper sharing of the meny charges involved in uranium stockpiling.

But none of the prnblems were unsurmountable compared with the advantages and stahilising effects they would creete in the world uranium market.

The nranlum market worldwide was suffering from a loss of momentum which was tending to create a loss of confidence. The cause was the stagnation of nuclear power plant construction.

Unless the uranium minlng companles continued to make sufficient cxploratloo efforts, in the year 2000 they would not be ahle to provide the quantities of uranium required to run nuclear plants in sufficiently large nnmbers to cope with energy demand.

Raleigh trade bias claim goes to OFT

By David Churchill, Consumer Affairs Correspondent

THE ARGOS discouot stores chain yesterday provided the Office of Fair Trading with details of TI Raleigh's refusal to supply lt with its main braod of bicycles.

The meeting was part of the Office of Fair Trading's investigation into Raleigh—announced last month—as one of the first prnbes under the new Competition Act. This enables the office to investigate any anti-competitive practice carried out by a single company.

The Office of Fair Trading's three-man investigation team is et present meeting a number of retailers, including Argos aod Tesco, who have complained about Raleigb's refusal to supply them with Raleigh bicycles. Raleigh will supply in some cases its Sunbeam brand, but this does not carry the same promotional advantages as the Raleigh name, especially after Raleigh's victory in the Tour de France earlier *this summer*.

Argos revealad yesterday that lta latest request for Raleigh bicycles had again been turned down. A letter from Raleigh dated August 22 said that "in all the present circumstances we do not consider it appropriate that Raleigh branded products he included in the spring-summer (Argos) catalogue."

The main reason for Raleigh's refusal to supply some major retailers is a concern that they do not provide the same sales service as small retailers. In addition, there are fears that the cut-price policies of the big retailers could force out of business the independent hicycle reteilers who sell the bulk of Raleigh's UK outpnt.

Raleigh says its retail outlets ere selected to provide "a strong servicing base in the interests of road safety and continuity of bicycle selling both throughout the seasonal pattern of the year and through bad times es well as good."

The investigation is likely to be completed next mooth and could be followed by a six-month probe by the Monopolies and Mergers Commission to determine the public ioterest.

Under the 1976 Resale Prices Act lt is unlawful for a supplier to set minimum prices or to try to enforce these through withholding supplies or discriminating in other ways.

In the case of Raleigh, however, the Office of Fair Tradiog felt the new Competition Act was more eppropriate than the Resale Prices Act.

Arms controls 'mean dearer fuel'

BY DAVID FISHLOCK, SCIENCE EDITOR

THERE WAS a price to be paid for exercising controls aimed at preventing the prollferation of nuclear weapons, e senior British Energy Depertment official warned the Uranium Institute's annual meeting in London yesterday.

Mr. Ivor Manley, in charge of the nuclear division of the Energy Department, said the price *was* an extra charge on the cost of nuclear fuel services. An extreme example of the extra cost would be that paid by a country with a large requirement for *electricity* and a big nuclear programme but few domestic uranium sources, which deliberately deferred reprocessing and the use of fast breeder reactors.

Mr. Manley said thet the cost of e non-proliferation policy varied from country to country. But most were willing to accept "some extra costs in economic, energy, or other terms in the interests of non-proliferation."

Policy-makers shonld recognise that the policies which stood the best chance of success and universal acceptance were those which minimised such costs, or provided some kind of incentive for incurring them.

He believed that "the interests of non-proliferation and economics can be made to coincide." Multinational plants for uranium enricbment and reprocessing spent fuel were economically attractive alternetives to national plants.

Some economically advantageous new fuel-cycle technology was also easier—and hence cheaper—to safeguard against proliferation.

But in general non-proliferation policies would be acceptable only lf there was greater stability in the nnclear market. The way to get more stability was to win hroader agreement on the non-proliferation conditions of supply, and the way in which export controls should be exercised.

Agreement wonld be reeched only if suppliers recognised the needs of customers for predictability in the nuclear market, and if customers recognised the need to provide assurance of peaceful intent.

Universal acceptance of full-scope safeguards, where the customer-nation agrees to allow all his nuclear fecilities to be examined by international inspectors, "would go e long way to rebnilding stability in the nuclear market, and allaying concerns about proliferation," said Mr. Manley.

The multi-national enrichment plant at Eurodif in France, scheduled to reech full capacity next year, would process only 112,000 tonnes of natural nranium during the 1980s, compared with earlier expectations of 173,000 tonnes. This was because of reduced demand from France's four partners in the project—Belgium, Italy, Iran and Spain—said M. Jean-Pierre Rougeau, commercial director of Eurodif.

M. Rougeau said the cutbacks ment plant of Eurodif in three courses of action in operating the £2bn project. One was to apply the full application of cootractural flexibilities, in order to mlnimise the quantity of enriched uranium produced and the amount of netural uranium required.

Another was adjustment of the plant's energy consumption profile to the seasonal demand upon the French grid, "thereby improving the overall economy of energy aupply." The third was "special production policies" which could tako advantage of the operating flexibility of tho gaseous diffusion process.

New rail technology ruled out by cost

THE POSSIBILITY of a new rail system for Britain, based on such new technology as megnetic levitation, was ruled out yesterday by British Rail's research director Dr. Alan Wickens.

Fnr speeds of above 300 kph (about 190 mph), new lines would have to be built because of the geometric constraints of the existing system, he told the association in a review of future railway technology.

Even on such busy routes as London to Glasgow the passenger flow was not nearly large enoueh to justify the cost.

"There is, under foreseeable conditions, no possibility of the massive cost of new high speed lines being justified," he said.

The main thrust of research and development in the immediate future would be in freight and local passenger systems.

Like the Advanced Passenger Train, they would seek to maximise the use of the existing rail system.

The joint application of microelectronics, computers and communications, with perhaps British Rail's own earth satellite, would have a profound effect on railway development.

A much higher quality of service would be possible if every train were in direct communication with control centres, which could operate a real-time simulation. This would allow railways to react to unforeseen events and travellers' changing demands.

The greatest challenge facing rail freight was to capture a larger share of the high value general merchandise sector with small consignments to many destinations, said Dr. Wickens.

This could happen through improved container transfer methods and by sending containers through a sorting centre when the flow did not justify a direct train.

Local passenger trains could he made more efficient through the use of light alloys or plastics rather than steel, and the development of actively controlled suspensions.

Further developments are also likely in improving transfers between different forms of transport, said Dr. Wickens.

The short distance between Birmingham Airport and Birmingham International station was ideal for a fully-automated shuttle system, with unmanned cars operating like a horizontal lift.

Government urged to take action over non-tariff barriers

Raymond Snoddy reports on the British Association for Advancement of Science meeting at Salford University

ACTION MUST be taken against non-tariff barriers if there is to be a further liberalisation of world trade, or even a realisetion of gains expected through past and present tariff reductions.

Dr. Brian Hindley, lecturer in economics at the London School of Economics, told the association yesterday that governments unable to use tariff increases as an instrument of policy because of the General Agreement on Tariffs and Trade had turned to alternative means of achieving the same ends.

Dr. Hindley said disposable real wages are likely to *rise* fastest when full use is made of trade opportunities. Because of this the British Government should support all attempts to limit the possibilities of impeding trade.

The nationalised industries have impeded, or heen used to impede, domestic adjustment to changing costs in the rest of the world.

It was e standard theory of international oconomics that subsidising a home industry faced with competing imports was the most efficient way of maintaining its scale.

"The most generous interpretation of the relationship between the nationalised industries prodncing internationally tradeable goods and trade flows ls that nationalisation is a means of paying such subsidies."

But these subsidies have private sector equivalents. There was little difference in maintaining the domestic coal-mining industry at higher levels of output and uoemployment than might otherwise be the the case and maintaining the textile industry by negotiating "voluntary" export qnotas with India and Hong Kong.

Dr. Hindley argued that whether an industry was subsidised hy nationalisation or some other means the effect was to benefit those employed in the industry at the expense of a tax raised no those who were not.

The real issue was whether international trade was viewed as a means to mako hetter use of domestic resources or as a matter of international rivalry.

Nationalisation and subsidies, by keeping workers in a threatened industry, were foreclosing the opportunities for economic efficiency offered by internetional trede and specialisation. Such policies were likely to have a bad effect on income and the distribution of incomo abroad.

Mixed economy 'promotes trade'

SIR DEREK EZRA, chairman of the National Coal Board, told the association yesterday that the public and private sectors of the economy were increasingly working together in the national interest to promote British trade.

He said that publicly-owned *enterprises, which* represented some 12 per cent of Gross Domestic Product and employed about 8 per cent of the labour force, had earned nearly £3bn overseas in the year to July, 1980.

Apart from exports of steel, aircraft and coal, a developing and increasingly important export was the sale of technical expertise through consultancy and project management.

Sir Derek told a session on the mixed economy and trade that tho areas in which the nationalised industries operate presented particular opportunities for co-operation with the private sector

There were 23 members of the Nationalised Industries Overseas Group, which eince 1976 had been promoting collaboration in overseas markets. Each member operated in *partnership with its suppliers* and with other allied private sector companies and consultancies.

The nationalised industries tried to improve suppliers' export opportunities and specifications for equipment.

They also gave potential overseas purchasers the opportunity to see equipment in use and assisted in training overseas personnel to use British equipment.

Sir Derek emphasised that the pnblic enterprises played a major role in promoting import substitution, and made an important contribution to Britain's balance of trade.

"*In these and other ways*, the public and private sectors of the mixed economy work together in their mutual interest, and in the national interest, in the promotion of British trade," he said.

Heart attacks can be prevented—doctor

EVIDENCE IS growing that coronary disease is largely preventable, Dr. Edward Wade, director of the Cardiology Department at Manchester Royal Infirmary, told the association.

Trends in the U.S. pointed the way to the future, be said. The age-edjusted mortality rates for coronary disease there rose by nearly 19 per cent between 1950 and 1963, but between 1968 and 1976 the rate fell by 25 per cent. This meant thet 191,000 Americans who might have died between 1968 and 1977 were still alive.

Dr. Wade said that neither better medical care of beart attacks nor high blood pressure, nor exercise, could account for much of the decline.

Only composition of diet and the levels of cholesterol and smoking were probably responsible.

It was vitally important to get heart attack victims to hospital as soon as possible, said Dr. Wade. If coronary units were to bave an impact, patients had to be admitted early.

He added that there was a desperate need for preventative drugs.

Professor Jeremy Morris, of the Department of Human Nutrition and Community Health at the London School of Hygiene and Tropical Medicine, said that balf British men aged between 40 and 60 developed coronary heart disease.

Sir Douglas Black, president of the Royal College of Physicians, defended heart transplants at yesterday's meeting. *Earlier this week* Dr. Peter Draper of Guy's Hospital said the operation was almost "obscenely irrelevant" compared with the number of heart disease sufferers.

UK NEWS—THE TUC AT BRIGHTON

Calls for Government aid and controls on imports dominate industrial debates

Reports by Christian Tyler, John Lloyd, Pauline Clark, Philip Bassett, Nick Garnett. Photographs by Terry Kirk.

CONGRESS heard a number of calla for Government aid and import controls when it discussed the work of the TUC industry committees.

Industries viewed with most concern included construction, textiles, paper and printing and shipping.

CONSTRUCTION: The industry provided the country's vital infrastructure and the Government had "an inescapable dnty" to support it, **Mr. Les Wood**, General Secretary of the Union of Construction Technicians and Allied Trades, said.

Mr. Wood was moving a composite motion on the construction industry and pnblic sector housing, which was carried overwhelmingly.

The motion said that present Government policles towards the construction industry would result in mass unemployment, the loss of crucial building skills, an increase in the "lump," and an end to any hopes of ending casual labour in the near future.

It called for a programme of capital injection into the industry, and called on unions to resist cuts in, and disposals of, public housing.

Mr. Wood described Mr. Michael Heseltine, Environment Secretary, as the "Tarzan of the Tory Party," and said the cuts he had made in construction "would put the real Tarzan to shame."

"Through him, the indnstry is heing run down in the full realisation that the recession there will snill over into British manufacturing industry," he said.

Mr. Wood called on the Government to reverse the cuts in its building programme, to reconstitute the Construction Industry Manpower Board, and to train young construction workers.

Mr. Harry Luxton, of the Greater London Staff Association, said that "the Government is firm In its determioation to deprive the workers of johs and firm in its determination to deprive the workers of houses."

It had heen "ideological Tory dogma" which led Greater Loodon Council to dispose of its bousing stock to the London boroughs and to disband its direct-labour organisation.

Mr. Bill Seawright, of the National and Local Government Officers' Association, said the Government clearly intended to disband all direct-labour organisations. The provisions of the Local Government Bill, to come before Parliament next year, set impossible targets for direct-labour organisations.

"They would never bave survived and grown had they not proved their worth to the geoeral public, he said.

Mr. Gavin Laird: warning on power manufacturing.

ENERGY: Conference endorsed a motion on energy policy which reconfirmed the TUC's commitment to a nuclear programme and decisively rejected an amendment calling a halt to the future construction of nuclear power stations.

Mr. Gavin Laird, of the Amalgamated Union of Engineering Workers (engineering section), said the wealth which North Sea oil would generate in the immediate future must be used to regenerate the country's manufacturing base.

By 1985, be said, the country would need to construct two megawatts of generating capacity each year. "But if the power manufacturing industry is allowed to continue to decline, then by 1985 we will not have an industry capable of building it."

Mr. Laird said there was no alternative to "peaceful nuclear energy." The nuclear industry provided work for 35,000 people and had an unrivalled safety record.

Mr. Arthur Simpson, general secretary of the National Association of Colliery Overseers and Deputies, said those who joined anti-nuclear organisations "wanted to take advantage of the emotions of people."

He made a plea to delegates to buy British goods, adding amidst laughter that his wife had already taken action by refusing to clean foreign shoes. "She refuses to clean British shoes as well—but that's another matter."

Moving the amendment, **Mr. Jake Ecclestone**, of the National Union of Journalists, said the nuclear programme was dangerous, expensive, unnecessary and undemocratic. Leaked minutes of Cabinet meetings had shown that the Government "regarded nuclear power as a weapon against trade union power."

Mr. Frank Chapple, General Secretary of the Electrical and Plumbing Trades Union, said the General Council accepted the motion but not the amendment. "The low energy strategy is a enphemism for reduced living standards," he said.

FILIPPINOS: **Mr. Michael Taylor**, of the National Union of Public Employees, called on unions to support the plight of Filippino workers, now nnder threat of deportation by the Government.

NOTTINGHAM NEWS: **Mr. Michael Bower**, of the National Union of Journalists, called on Congress to support the Nottingham News, a co-operatively owned paper produced by former employees of the non-union publisber T. Bailey Forman.

PAPER: **Mr. Bill Keys**, General Secretary of the Society of Graphical and Allied Trades, said thousands of Jobs are at risk in the paper and board industry. He moved an emergency motion on the crisis of the industry calling on the Government to introduce low energy tariffs, selective import controls on paper and timber, and to offset exchange rate differentials which made UK products uncompetitive.

Mr. Keys said the paper, printing and hoard industries employed 60,000 people directly and a further 120,000 people indirectly. It produced 8.3 per cent of the gross national product.

"Important penetration in this sector is having such an effect that the casualty list is looking like the Battle of the Somme in the 1914 war."

Giving the specific instance of the threatened Bowater plant at Ellesmere Port, which employs 1,540 workers, he said it had bigb productivity, high efficiency and good industrial relations. Yet it was now faced with closure as a result of the Government's monetary policies.

Mr. Peter Evans, of the Transport and General Workers' Union, said the news print industry had shrunk from an output of 1.5m tonnes to 250,000 tonnes in the past 10 years. He urged newspaper proprietors to buy British newsprint. If they allowed the British industry to be destroyed, they would fiod that the foreigo producers would raise thair prices.

CONSETT: **Mr. Ken Sessford**, of the Iron and Steel Trades Confederation, and a worker at the Consett Steel plant which will be closed tomorrow, won a standing ovation for an emotional speech.

He said the workers there had been assured two years ago that if they raised productivity the plant could be saved. They had, and it had not. "Tbatcher and Joseph sbould be turned into pillars of salt for the bitter and inhuman way they have destroyed the lives of decent people," he said.

Textiles: One job was lost in the clothing industry every minute, **Mr. David Lambert**, general secretary of the National Union of Hosiery and Knitwaar Workers, told delegates.

Mr. Arthur Simpson: a "Buy British" plea.

The conference unanimously carried a motion deploring the decline of the Industry and calling on regulation of trade, low-interest loans to the textile companies, a reduction of VAT on clothing, and the Introduction of a "Buy British" policy.

Mr. Lambert said the industry had fulfilled Sir Keith Joseph's criteria for success—it was competitive, paid low wages, bad good industrial relations, and invested well—yet still it declined.

"Why should we lose 10,000 jobs to create 10 more millionaires in Hong Kong?" he asked.

Mr. Joe Quinn, of the Amalgamated Textile Workers' Union, called for an imposition of import controls on a selective basis.

TRANSPORT: **Mr. Tom Jenkins**, General Secretary of the Transport and Salaried Staffs' Association, called for re-nationalisation without compensation of those parts of the nationalised industries into which the Government bad introduced private capital.

He said that the Transport Bill to be Introduced in the next Parliament would bring further privatisation into the British Transport Docks Board. British Rail needed a further injection of capital, but it had to he secure public capital, not private money.

Mr. Jenkins introduced a composite motion on transport policy calling for a "significant increase in real terms in investment in pnblic transport," including the construction of a Channel tunnel.

Mr. Ray Bnckton, General Secretary of the Association of Locomotive Engineers and Firemen, said that only action could make the Government change course.

He urged the travelling pnblic to stage a transport strike in order to force the Government to provide adequate travelling facilities to and from work.

Mr. Eric Nevin, general secretary of the Merchant Navy and Airline Officers' Association, said the rail-only Channel tunnel was "irrelevant to the needs of the British people," a point underlined by **Mr. Larry Smith**, of the Transport and General Workers' Union.

UK FLEET: Mr. Nevin ended the industrial debate by moving a motion, endorsed by congress, regretting the decline of the UK fleet by 26 per cent over the last six years.

The Merchant Navy was "on its way down," and the Government was doing nothing about it. Productivity bad risen by 17 per cent since 1974.

Mr. Jim Slater, general secretary of the National Union of Seamen, strongly criticised those ships flying the flag of convenience, saying that they were often "rat-infested, cramped and filthy."

Mr. Ken Sessford: a standing ovation after speaking on the closure of Consett steel plant.

Baroness Jeger supports a new social contract

BARONESS LENA JEGER, Labour Party chairman, echoed the call for a new social contract between Labour and the trade nnions—voiced by Mr. James Callaghan, the party leader to the TUC this week, when she stressed the "increasing closeness" between the two.

While no mention of Mr. Callaghan's intiative was made in the speech, which was to have been delivered on Monday, the day before Mr. Callaghan's address, Baroness Jeger stressed the need for a maintenance of the relationship between Labour's political and industrial wings.

In the fraternal address to congress from the Labour Party, she said that much time and thought had been given to working out alternative economic policies following the "disastrous" general election result of last year.

Sha thanked all trada unionists who had helped Labour's electoral cause and hoped "for the repentance of any misguided workers who contributed to the temporary victory of the most disastrous Government this century."

Whenever agreement between Labour and the unions broke down, and the two sides fell apart, the progress of working people and the prosperity of the country was set back. "Our *marriage has its crises and* quarrels, but it is indissoluble. For us no divorse is possible, and we must, therefore, concentrate on fulfilment, and if necessary enjoy our creative tensions."

The British people would never forgive Labour and the unions if they wasted the opportunity to work ont together the policies which could save the country from economic disaster

Nuclear defence policy is opposed

UNILATERALISTS and their opponents In the nuclear arms issue were deftly welded together by speakers on the peace and disarmamenl debate.

A composite motion demanding an immediate cut in arms expenditure and a declaration by TUC leaders of opposition to any defence policy based on nuclear armoury, was carried overwhelmingly.

But not before, under protest from **Mr. Terry Parry**, chairman of the TUC, **Mr. Bill Keys**, General Secretary of the Society of Graphical and Allias Trades, declared opposition to the motion on the grounds that it did not go far enough and because he wanted to propose a unilateral path.

"I want to declare my opposition," said Mr. Keys as he marched to the platform. "I douht if you have got opposition," said Mr. Parry. "Oh, yes I bave," said Mr. Keys, referring to his own delegation.

Moving the motion, which called on the TUC to take a new initiative to impress on trade unionists and the public the need to abolish nuclear weapons, **Mr. Larry Smith**, of the Transport and General Workers' Union, said the fact that nuclear *weapons existing*, and that mass murder could be triggered off, was enough reason to get rid of them.

There was an urgent need, he said, to unite the trade union movement on the issue.

To applause, he inaisted that the next Labour government must give an "absolute commitment" to cancellation of the Trident *missiles*, and he deplored the decision of the present Governmenr to purchase them at a cost of £5bn.

M. Joe Gormley, of the National Union of Mineworkers, which is organising an international conference of mineworkers on peace and disarmament, seconded the motion. He said it was becoming increasingly important for trade unions to act together.

"I balieve the union sbould be willing to give a lead to convince the people of the world that only peace can guarantee the future of mankind," he said.

Mr. Jack Matlock, of the National Union of Hosiery and Knitwear Workers, said he wanted to draw attention to the unexploded homb which was "the muahroom of unemployment." This came at a time when resources were being poured into nuclear arms while the health service, edocation and manufacturing indnstries were suffering.

Today's agenda

TODAY'S agenda includes: National Health Service finance; prevention of ill health; disabled people; economic motions; political motions; votes of thanks; conclusion.

Press 'does not reflect reality of labour life'

THE TUC suggested the drawing up of a code for the media and the reporting of industrial relations to provide guidance for editors and journalists and an objective standard against which the reporting of Industrial affairs *could* be judged.

The proposal for a code, which the TUC suggests could be drawn up by the Press Council, was one of the suggestions put forward by the TUC in a discussion document on the media publisbed at congress yesterday.

This document, Behind the Headlines, is seen by the TUC as an attempt to promote a serious national debate on the media's role. The TUC charges the media with failing to grasp the opportunity offered by a free society properly to inform the level of public awareness and debate.

The booklet says that the overall impression of industrial relations gained from the media does not reflect the raality of industrial life. Instead, there is an over-emphasis on the effects of disputes, a trivialisation and personalisation of issues and a prepetuation of myths.

Three national newspapers—the Daily Mail, Daily Express and The Sun are singled out by the TUC as the most prevalent sources of opinion hostile to trade unions., though it says that all these papers bave contained features favourable to the union movement.

The document suggests that political comment, prejudice and news seem inextricably linked in most of the media. "The majority of national newspapers are traditionally supporters of the Conservative Party and this colours and distorts their news reporting."

It acknowledges, though, that some national newspapers do report political and industrial relations matters in a serious and responsible way. It claims that news reporting by the BBC and Independent television and radio companies is "of a far higher standard than that of most of the Press."

It also includes a checklist for action, including the, to some, surprising suggestion that jouroalists should not use deception, "except where this can be justified by over-riding consideration of public ioterest."

Publication of the document was timed to coincide with yesterday's TUC debate on the media, which approved a motion proposed by the National Unioo of Journalists sbarply criticising anti-union media bias and in particular the "hysterical coverage" of the TUC *Day of Action* on *May* 14.

Mr. Aidan While, for the NUJ, contrasted the attitudes lying behind recent coverage of the strikes in Poland with that of the Day of Action. He warned that journalists and print workers might have to take direct action to impose decent journalistic standards on "recalcitrant" employers.

The point was taken up by **Mr. Les Dixon**, President of the print craftworkers' union, the National Graphical Association, who said that print unions' "limited" efforts during the Grunwick dispute and miners' strikes of the 1970s had brought about empty columns in protest at some newspaper proprietors' "vicious" attack on other TUC unions.

Mr. Owen O'Brien, General Secretary of the print nnion NATSOPA, urged unions to refuse to give interviews to "hostile" journalists.

Council suffers surprise defeat over motion on Czech dissidents

THE GENERAL Council suffered a surprise defeat when delegates, on a card vote, supported by a majority of more than 2,500,000, a motion calling on the council to campaign for the release of the Czechoslovakian Charter 77 dissidents.

The motion, sponsored by the Electrical and Plumbing Trades Union, said: "The conviction of these men and harassment of their families is an affront to buman dignity."

The debate provoked a savage attack on the ETPU by **Mr. Robert Gillespie**, of the Society of Grapbical and Allied Trades, who opposed the motion.

He said it was "tbe height of hypocrisy for the movers of this motion who don't have democracy in tbeir own union to use the motion for propaganda. Somebody bas to say it and we are saying it."

Mr. Terry Parry, TUC president, said: "I don't think anyone is entitled to come up bere and pillory another organiaation."

Mr. Len Murray, TUC general secretary, said the motion would dilute tbe TUC's effectiveness in extending help specifically to trade unionist victima of human oppression.

Mr. Bill Blair, of the EPTU, said that Charter 77 was formed by courageous Czechs to act as a forum for dissidenl voices. It had protested against tbe suppression of workers and had suffered continuous harassment and arrests.

Mr. John Billouin, of the Civil and Public Servants Association, said lbat 100 out of the original 1,242 signatories of Charter 77 had heen arrested. He said the organisation needed congress support.

Mr. Brian Stanley, general secretary of the Post Office Engineering Union, said the general council was mistaken about opposing the motion as it was mistaken about going to Poland.

"It is principles which are al stake, it is the good name of this movement which is at stake," he aaid. Those who were fighting for socialism, democracy and freedom in this country should support those fighting for socialism, democracy and freedom elsewhere.

Mr. Murray said: "We have tried to draw the terribly difficult line between issues of buman rights and those where we bave some competence. Unless we keep the distinction clear we shall be at it every week, every day almost—and wht impact we can have on trade union issues will be lost."

Among those voting for the motion were the Amalgamated Union of Engineering Workers, tbe Electrical and Plumhing Tradea Union, the Association of Professional Executive and Clerical Staffa, the Civil and Public Servants Association and the National Graphical Association.

The international section of the TUC session yesterday was introduced by **Mr. Tom Jackson**, chairman of the TUC international committee. He sought to put the record straight on the TUC's stand on Poland.

Governments were brought to account by the TUC regarless of their political complex, and the TUC record showed this Pressure was brought to hear on Poland to change its rigid trade union legislation months ago, he said.

"Let it also be known that we stand for independent trade unionism, independent of employers, independent of political parties ad independent of the State."

We salute the struggle of those in Poland for independent trade unions and we will be watching closely to see the agreement implemented in full, he said.

On the issue of arms expenditure, Mr. Jackson said the arms race was presently diverting $450bn a year which could be used to meet the basic needs of working people and their families.

"As in all other fields, our Goverment has set a deplorable example," he said.

The General Council had made clear to the Covernment its opposition to spending £5bn to replace Polaris.

OTHER LABOUR NEWS

Companies 'desperate to prevent cutbacks'

By Nick Garnett

MR. KEN GILL, General Secretary of TASS, the white collar sectioo of the Amalgamaled Union of Engineering Workers, said yesterday that a number of major companies bad approached the union informally to see what assistance it could give them in trying to achieve some relaxation of the Government's economic policies.

This was a reflection of desperate attempts by management to preveot cutbacks in production and their workforce, he said.

Mr. Cill was introducing a booklet Save British Industry, produced by TASS as part of the TUC's campaign for an *alternative economic strategy*.

The 44-page booklet is being distributed to MPs, trades unions and to the Prime Minister and Sir Keith Joseph, Industry Secretary.

The foreword says the reluctance to invest and moderoise domestic industry has been one of the major causes of Britain's economic and industrial decline, and the present Goverament's policies have reinforced this trend.

Among other points, the booklet calls for economic expansion based on tha reversal of expenditure cuts; a reduction in defence spending; import controls; planning agreements; greater control of the financial sector; increased social and economic equality; and greater shop-floor democracy.

"There are many employers who remain silent out of loyalty to the Government that they bought and paid for," the union said yesterday.

"They are beginning to panic as their companies fold before their eyes."

Philip Bassett writes: The *Government's attacks on Social* Security benefits were undermining the 30-year-old principle of National Insurance, Britain's largest union, the Transport and Ceneral Workers', said yesterday.

Launching a booklet designed as an explanatory guide to the Covernment's proposals for the union's 2m members, Mr. Moss Evans, TGWU General Secretary, said at the TUC that instead of honouring its obligations to National Insurance contributors, the Government was treating claimants as if they were the reclplents of the Government's charitable generosity

Declaring the trade union movement's total opposition to these "spiteful and vindictive" cuts, wblch the TGWU estimated would save the Government about £600m in a full year at the same time as it was spending £5,000m on Trident nuclear missiles.

CBI will be asked to emphasise plight of paper industry

BY NICK GARNETT, LABOUR STAFF

MR. LEN MURRAY, the TUC general secretary, told the action committee from Bowater's Ellesmere Port plant yesterday thal the TUC would be asking the CBI to ask the government to provide assistance to the *country*'s paper *industry*.

After meeting the action committee, which travelled to the TUC conference in Brighton, Mr. Murray said the decision to close the plant with the loss of 1,600 jobs from the end of next month "is yet another example of the pressures being experienced by very many British companies at the present time.

"They are trapped by a combination of cbeap, often aubsidised imports, high interest rates, higb fuel costs and high inflation.

"And they are recelving no help from the government, which continues to apply dogmatic economic policies and turns a deaf ear to desperate requests for assistance."

The TUC delegates yesterday passed a motion from the Society of Graphical and Allied Trades, calling on the government to Introduce tariffs, provide assistance to offset exchange rate differences, and impose selective import controls.

The British Paper and Board Industry Federation has asked in a joint letter with SOGAT for a meeting with the Prime Minister.

They bave already asked ber if she would be willing to provide temporary exchange rate and energy cost assistance for the industry.

Vauxhall's 8% offer turned down at Ellesmere

BY GARETH GRIFFITHS

VAUXHALL MOTOR'S 8 per cent offer to its 23,000 hourly paid workers was rejected overwhelmingly yesterday by a mass meeting at the company's Ellesmere Port employees.

The meeting of Transport and Ganeral Workers' Union members at the plant was the first of a aeries of mass meetings at Ellesmere Port, Luton and Dunstable to vote on the offer. Vauxhall has told the uniona that money is "just not available." The union demanded an increase understood to be just *under 15 per cent*.

Yesterday's meeting of the TGWU, whicb has 3,000 members at Ellesmere Port, was not well attended. Ellesmere Port baa started a week-on week-off rota this month hecause of lack of work. Luton is on a two-day week.

The Vauxhall offer increases the top craft rate by 20p an hour, and the bottom labourer's rate by 15½p an hour. It abolishes the present lower entry rate and would take tha present top craft rate from £99.20 to £107.20 a week. The bottom labourer's rate would increase from £77.80 to £84 a week.

An extra two and a-half days' holiday would also be included in the package, although the extra entitlement would be for one year only.

Threat of television black-out recedes

By Our Labour Staff

ADMINISTRATIVE and technical staff employed by the Independent Broadcasting Autbority are likely to accept a 15 per cent pay offer within the next two weeks.

The acceptance will almost certainly lift the threat of independent broadcasting being blacked out. The static engineers employed by the IBA at its transmitter stations have heen unhappy about their pay relative to the independent television companies, but union officials now believe they will accept the offer.

About 1,500 members of the Association of Broadcasting Staffs are covered by the deal, which allows for a 15 per cent increase on basic pay, backdated to July 1. The working week would be reduced from 40 hours to 38 bours for manual workers and from 37 hours to 36 hours for administrative staff, with the possibility of further reductions for both categories.

The inner *London weighting* allowance would be increased from £700 to £800 a year, and the outer London allowance from £450 to £600 a year.

The IBA has indicated the offer is its final one, and the ABS is currently polling union branches. Voting so far appears to be in favour of acceptance.

● Union officials from the *Hot*point factory at Paterborongh are to meet the company's management on Monday to discuss the programme of cutbacks and new work practices, including a controversial no smoking rule.

Mr. Chaim Schrelher, Hotpoint's managing director, yesterday met local management to discuss the company's problems. He had originally intended to meet shop stewards but the meeting has been postponed until Monday.

Platform men reject ultimatum

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORKERS al Ayrshire Marine Constructors yesterday rejected an ultimatum from the company to return to work or risk baving the oil platform they have been building for a year towed away to be completed elsewhere.

The 900 men, meeting at Irvine, close to the company's yard at Hunterston on the Lower Clyde, walked out last Thursday after a row over safety.

The yard is managed by Chicago Bridge International, which is a partner in Ayrsbire Marine with the Glasgow-baaed Weir group. It is building a steel jacket for Phillips Petroleum's Maureen Field.

A statemant by the management to workers said that Phillips Petroleum had threatened to transfer the project elsewhere unless industrial relations improved.

After the meeting, abop stewards said the strike would continue until the management withdrew the ultimatum. They would also talk to other unions in the oil industry through the inter-union offshore liaison committee.

Ayrshire Marine and Phillips both declined to comment.

● In a report on the oil platform construction industry yestarday, it was said that the British National Oil Corporation had taken work from the Redpath de Groot Caledonian yard at Methil, Fife. This was the result of factors outside the yard's control and did not reflect on its performance.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● ELECTRICAL COMPONENTS

Switching over to robots

THE UK's leading electrical wiring accessories manufacturer is automating its factories in a programme which will cost more than £2m over the next few years.

The company, MK Electric (01-803 3355), has already ordered its first machines, which are being custom built in Stuttgart by a specialist German manufacturer who also supplies automation equipment to the Japanese.

Mr. Michael Dowsett, managing director of MK Electric, said this week that the machines were dedicated robots; MK and its German partner were collaborating in *the design and implementation.*

The contract contained special clauses forbidding the German firm from selling its new expertise to MK's competitors.

Mr. Dowsett, formerly a production director at MK, said he had been investigating the level of automation in other light electrical companies and he believed MK was at least as advanced as any in the world.

It had established a special team, eight strong, to monitor developments in automation and guide the introduction of appropriate technologies to the MK production line.

The first robot, which will cost MK around £600,000 will automatically assemble double gain switches and should be commissioned in mid-1981.

Mr. Dowsett thought it unlikely the factory would ever become fully automated ("the factory of the future") because of the small production runs necessary for some of the 145 or so different products MK makes. He denied it would promote unemployment: "Automation will mean we can make more with the same labour force."

The firm is basically a manufacturer of plugs and sockets, cooker control units and switches, although it has diversified through acquisition into conduits and mouldings.

With a turnover last year of £65.6m, MK is dominant in the British Standards market at home and abroad. The recession has hit it hard. It reckons to have lost at least £3m in sales due to wholesalers running down their stocks, and its factories have only just been released from four day working imposed at the turn of the year. It has trimmed its staff by 10 per cent through natural wastage.

It has now doubled its investment in research and development from 1.5 per cent of turnover to 3 per cent and is well down the line with a research programme to develop alternatives to conventional electromechanical switches.

According to Mr. Dowsett, the first products from this research programme will be seen within 12 months. The new switches will have novel features made possible by the addition of intelligent microelectronics.

Mr. Dowsett saw no end to the demand for conventional switches in the foreseeable future on grounds of cost and complexity. "Devices to handle 13 amps and 240 volts *must* be built rather differently to microprocessors with tiny current and voltage requirements," he said.

Pre-tax profit last year was £7.15m, a drop of £1.19m on the previous year. Automation is a major part of the attempt to reverse the trend: "It is the only way to make the cost of manufacture more competitive" Mr. Dowsett said.

● IN THE OFFICE

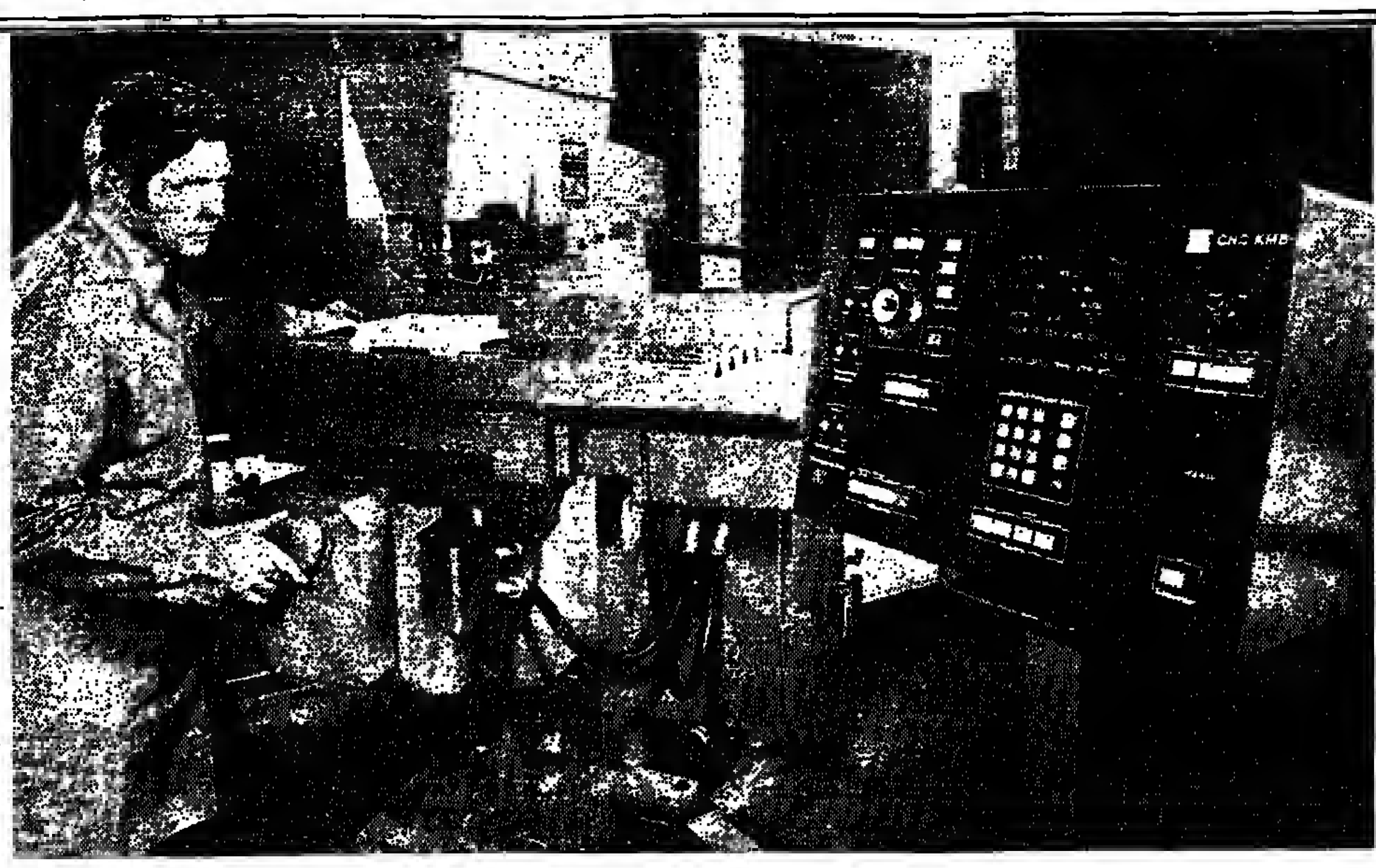
Plain paper copier

A FORTNIGHT after a similar *announcement* from Kalle Infotec, Nashua has announced that it also is marketing a small plain paper copier, the 1205, virtually identical to Kalle's 8012. Both machines are made by Ricoh in Japan.

Designed either for the small business or where inexpensive decentralised copying is required, these machines utilise fibre optics combined with a miniaturised version of the liquid toner transfer system. Dimensions given by Nashua are 18 x 18 x 13 and the unit produces its first copy in seven *seconds* and *subsequent* copies at 12/min.

Facilities include a single paper tray to hold paper sizes between A5 and 14 x 8½ inches, automatic shut off one minute after the last copy has been made, cartridge-contained toner, particularly good blue response, adjustable exposure control and and a touch tone keyboard with digital read-out to keep track of the copies made.

Nashua Copycat is at Cory House, Bracknell, Berkshire RG12 1ET (0344 54391).



This milling machine with a positioning accuracy claimed to be within 0.001 inch by U.S. manufacturer Hurco Manufacturing Company, Inc., has been introduced to the UK by sales and service agent, Toolmaster Controls of Woodley, Reading, Berks. The machine has a conversational programming facility which guides the operator through precise programming steps via a VDU, displaying short enquiries in the operator's language rather than machine codes. In this way he can instantly edit out any mistakes indicated by the data displayed.

● DATA PROCESSING

Speeds booking of theatre seats

THOSE OF us who have grown impatient and foot-weary queueing for theatre seats at box offices or in ticket booking agencies are likely to welcome any application of electronic data-processing that helps to take the fatigue and frustration out of the search for live entertainment.

A ticket sales and reservation technique known as BOCS — Box Office Computer System — introduced by Space-Time Systems, 10, Long Acre, London WC2 (01-240 5411) is claimed to place the full potential of a computer at the disposal of a theatre so that it can respond to each patron's needs for a seat or seats on a *particular* date or dates rapidly and efficiently.

There is also the prospect of any theatre using BOCS linking directly with British Telecom's Prestel service, enabling tickets to be purchased instantly by private telephone and television set.

BOCS is an on-line system accessible to more than one ticket sales outlet at any time. This, it is claimed, much enhances the marketing power of each outlet — box office, agency or retail store — and is much more effective than traditional sales methods using documentation that can be used by only one person at a time.

The theatre management is also provided with a selective direct-mail system and a comprehensive record of patrons' names, credit cards, and expiry dates. On-line enquiry is claimed to make the purchase of tickets by credit cards quicker and more secure.

Tickets are printed at the time of sale and only as they are required, and it is claimed that BOCS tickets would normally cost only one-fifth as much as conventionally printed tickets.

The system is preprogrammed for each particular theatre's seating plan and for every performance, but by using the keyboard the box office staff can override the computer's offer. The definition of "best available seat" can also be varied to suit the nature of the performance or the type of auditorium. In theatre in the round, for example, opinions may vary widely as to the best seats available.

BOCS software, developed on a Digital Equipment PDP 11/34 processor, will also run on the same maker's 11/23 and 11/44 models, offering a modular growth path to meet users' growing demands. BOCS has been written in Fortran and uses the RSX operating system which is claimed to be especially for real-time applications.

Space-Time Systems sums the advantages claimed for BOCS in that it can keep all the available seats on sale at all outlets until the moment the curtain goes up.

● ELECTRONICS

Micro takes control

ONCE AGAIN, the microprocessor has been deployed to give convenience and versatility in an electrical machine systems controller from RTD Swan. The unit is able to provide controlled load sharing and duty selection for up to eight generating sets (or motors).

The controller should be particularly useful where for example there is a need for priority peak lopping or load sharing, for control of multistation heating and ventilating plant, freezer plants or in pump control applications.

Flexibility for the various applications is obtained by a selection of plug-in modules working to a digital data bus: the modules can be chosen to give, say, different control/indication facilities without interfering with the actions of any other module.

Data about the condition of the machines is fed into the controller over lines and can be seen on the display: the operator is able, by means of thumbwheel controls, to select any of the eight machines for duty or standby.

More from the company at Swan Close Road, Banbury, Oxon (0295 3494).

Chips put to work

A SYSTEMS service for industrial applications of the microprocessor has been introduced by Base Ten Systems, 12 Eelmoor Road, Farnborough, Hants (0252 517665).

Under the name Micro-Design, it is claimed to provide expert assistance and advice in the design and construction of microprocessor-based systems installed in place of manual or electromechanical control systems. Particular software packages designed to meet each customer's needs are provided as an esentsial part of the service.

● METALWORKING

Sucks up and sorts swarf

PROBLEMS OF swarf collection in machine shops can be overcome, it is claimed, by using a centralised pneumatic system devised by ScanMecan of Unit 5, Rassau Industrial Estate, Ebbw Vale, Gwent NP3 5SD.

The company's system consists of nozzles connected to flexible hoses that suck up swarf from work tables, fixtures or shop floors and carry it under vacuum through overhead or underground ducts to a silo, which can be situated up to 50 metres away.

Cutting oil is separated from the swarf by gravity and a cyclone effect which drains it through perforations in the silo to a special container. Larger quantities of oil can be automatically recycled direct to the supply tank.

The *suction* unit is switched on by a signal from one of the suction stations equipped with a hose and the power goes only to that station. To eliminate the problem of metals being mixed together, the system has an automatic clearing valve which sucks the transport pipe clear before responding to a signal from another suction station collecting a different metal. Each metal is sucked direct from the work surface into separate silos and finally discharged into separate skips.

This disposal system can be supplied with 2-inch or 3-inch diameter hoses and up to 50 suction stations can be provided from one pump unit according to the nature of the material being collected.

Items of swarf of a size and weight equivalent to a half-inch steel nut at a rate of 20 tons an hour can be handled.

It is stated that an average system would cost between £10,000 and £12,000. A demonstration unit has been installed at ScanMecan's factory in Ebbw Vale, South Wales where tests can be made. Details will be given by the company on 0495 305509.

● DISTRIBUTION

Cutting the costs

NEXT YEAR, companies that distribute their goods by road vehicles will have to take into consideration the fact that drivers' cabs will have to be fitted with tachographs, the devices which record the hours drivers spend at the wheel. Legislation on drivers' hours will mean a reduced working day with less time in which to deliver the goods.

International industrial consultants Knight Wegenstein of 13-14 Cornwall Terrace, Regents Park London NW1 (01-486 7711) takes the view that if the two factors of reduced hours and the introduction of the tachograph are looked at as opportunities rather than problems then some advantages might become apparent.

Instead of spending money on extra vehicles and drivers, it would be better to spend a smaller amount on improving the productivity of the existing fleet and its drivers, say the consultants. They add that the requirements of the new legislation should be the spur for a review of the distribution function and it is expanding its advisory services to cover this area of industrial activity.

Knight Wegenstein says it might be necessary to look at the whole chain of activity from order processing to finished goods handling and storage and even to the choice of site for warehouse, but it would be well worth it in the long run.

We announce with profound sorrow the sudden death of our esteemed colleague and friend

E. F. Cole

on Friday, 29th August, 1980.

Shearson Loeb Rhoades Inc.,
16 Moorfields Highwalk,
London.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Chipping away at your energy bill

Arnold Kransdorff describes how some companies are using microprocessors to cut fuel costs

IT IS perhaps fortuitous that the urgent need for energy conservation has coincided with the growing impact of micro-electronics. Many of Britain's major companies think that a judicious marriage between the two can be a profitable exercise.

Microprocessors, which can be used to monitor automatically functions such as temperature, pressure and vibration, can provide "significant" cost savings, they say. Indeed, several large companies recently presented case histories to a conference on "Energy saving with microprocessors" organised by the British Institute of Management in conjunction with the British Management Data Foundation*.

ICI, for example, which is using a microprocessor system at its huge chemical plant at Wilton on Teesside, claims it was able to get a return on its investment—just *£22,000*—in less than two weeks, and that the annual saving is more than £240,000. The plant, one of its highest energy-using installations, consumes £8m of services a year, mainly for the production of steam.

Rolls-Royce also is installing a system, which costs about £50,000, to automate control of energy usage at its Bristol factories. It generally aims for a 12-month payback on its investment.

While urging an element of caution towards the subject the papermaking giant Reed International estimates that the use of microprocessor units has resulted in savings of between 12 per cent and 25 per cent. On a lesser scale, a small market gardener has managed to recoup his £3,000 investment in 12 months.

Substantial savings

At ICI's Wilton plant, microprocessors have only been used in recent years but their application has to be seen in the context of the company's overall energy *saving* strategy.

The programme began in 1974 when, says ICI, it was thought that everything was being done to prevent losses, and that no substantial savings could be made.

The task was to persuade workers that accountability for energy consumption is as important as accountability for money or material.

The first move wss to use graphical systems to display profits or losses against standards by individual shifts at three major plants. Day management exerted pressure to ensure that action was taken when losses occurred; within four months, says ICI, each section was *making profits* and the plant as a whole was "significantly" in profit at the year end on steam alone.

To handle the large amount of data involved in monitoring all the major services use was made of a special computer terminal, a system that has been progressively extended. This monitoring system enabled at least £150,000 to be trimmed off the budget for services in three successive annual reviews, claims ICI.

The next stage was to install *a microprocessor for the on-line* monitoring. Because of cost considerations it was decided to use a local plant-based system as opposed to a centrally-based system.

In simple terms the microprocessor reads the outputs of up to 64 instruments and converts them to engineering units such as degrees or tonnes per hour.

Plant operators were trained in the significance of the various displays, logs and summaries which the microprocessor can provide. Using the information in relation to their knowledge they can restore economical performance and learn to avoid circumstances which increase energy usage, says ICI.

Purely as a result of the interest focussed on steam usage, consumption lessened to the extent of about £20,000 per month, it adds.

For Rolls-Royce, the importance of energy conservation is equally critical although energy usage is not as high as at Wilton. At the Bristol factories, which are involved in aero engine design and assembly and component manufacturing, there are 360 buildings comprising 3.4m sq ft. Excluding fuel testing the complex consumes around £11m of energy a year.

Following the energy crisis of 1973 the company concentrated its efforts on mainly individual projects, some requiring considerable capital investment but many perfectly straightforward. This included the conversion of main boilers to dual fuel burners, the conversion of outlying boilerhouses to steam/water calorifiers and the centralisation of boilers.

Up to 1975 the record was impressive "but then *people began* to relax and it took this last crisis to sharpen us up," says Rolls-Royce. "We needed a new method of energy control to bring down our consumption not only to the *1974-75 figures*, which we knew was possible, but to below these figures. The need was for a system with a finer degree of automatic control than we currently had."

The company's management was already using microprocessors extensively in other fields, so the choice of a so-called Intelligent Outstation system was a natural progression, says Rolls-Royce.

The system can be programmed to report selected signals to a central console. The "outstations," which are strategically placed throughout the plant, are connected to sensing devices and control equipment which monitor performance against *pre-set* parameters.

Vibration control

Signals are only passed to the central console when a change occurs outside the established limits or when the console itself demands a response.

Among the many parameters that can be measured and controlled by microprocessors are temperature, vibration, contamination, corrosion, gas leakage and sound.

Rolls-Royce says: "Properly used the microprocessor system will allow for a far *greater* degree of control and will open up for us many possibilities for the future."

"We are only just beginning to understand the many ways in which it can be used to improve our overall efficiency and while we are looking for a 12-months' payback on our investment, as energy costs continue to rise we will gain more and more benefit from the installation."

Reed International is using microprocessors mainly to correct variables on paper machines, for boiler plant loading and quality control.

"It is surprising how many variables previously considered unimportant begin to appear to hsve a measurable effect on energy usage and hence energy conservation," says Reed.

"For instance, market levels can affect product capacity ratios, which in turn can have an important effect on energy utilisation per unit of product. Likewise investment, changes in raw materials, labour levels, safety and environmental legislation can all have an impsct on energy usage.

"Attitudes of government, management, unions and operatives can also play an *important* role in the way the microprocessor is accepted and can be applied. Not all the variables affecting energy utilisation are controllsble."

Reed warns, however, that before anyone begins to consider the applications of microprocessors, consideration should be given to the atate of the plant. Design and efficiency should be of a high level at the start; "a wrong application of the *microprocessor* could condemn it for at least the life of the particular management who made the decision to proceed."

Taking this into account the company believes that long-term, *microprocessors* "have an important role to play towards improving the efficiency of energy usage, and the supply of energy *information* for management decision making."

In the case of the small market gardener, the problem was to reduce heating costs while maintaining throughput and quality. There were a number of small greenhouses each having around ½ acre of glass; a considerable amount of money was being spent on providing an agreeable temperature in which to grow produce.

On occasions too much heat was being used. According to Texas Instruments, the manufacturer which supplied the equipment to solve the problem, the existing electro-mechanical control scheme "never envisaged the requirement for prediction or the flexibility to adjust *the* control to *suit* each individual crop."

The installation of a microprocessor permitted a reduction of one degree centigrade on the *original* greenhouse temperature, sufficient to gain the market gardener £1,000 per crop. The investment was recouped after three crops.

** Energy Saving with Microprocessors, British Management Data Foundation, 29, St. James St., London SW1A 1HB,* price *£18.50 plus 80p p + p.*

"When we installed that microprocessor, Smith, we had a different kind of energy saving programme in mind!"

Banking on a tough philosophy

In the first of two articles on intra-Arab business, James Buxton highlights some key problems facing an American-educated Arab financier

THE ARAB oil states with surplus revenues see themselves as liquid but still fundamentally poor members of the developing world. If they are to justify this role, the appropriate place for them to invest their surplus wealth is not in the western industrial countries or in gold but in other developing countries — most obviously the poorer Arab states.

This was clearly recognised in the Arabian peninsula and the Gulf after the 1973-74 oil price explosion. One result was the formation in 1975 of The Arab Investment Company (TAIC), a concern with paid up capital of $290m owned by 15 Arab governments and based in Riyadh, Saudi Arabia.

The oil states are constantly under pressure to give virtually free aid to the poorer Arab states, but TAIC insists on earning commercial returns from investment. In the past three years it has developed a tough philosophy; it believes it can best promote the development of the Arab world not by being a soft touch but by insisting on profitability and good management in the projects in which it takes a stake. As a result countries receiving investment may be forced to make mental adjustments and administrative reforms but TAIC believes that these will benefit them more than handouts.

This is the thinking of Mr. *Abdul-Rahman* al-Sai, a 43-year-old American-educated Bahraini who came to TAIC after 10 years with Chase Manhattan Bank.

Mr. al-Sai is a man of trenchant views and for an Arab is unusually outspoken about his fellow Arabs. While supporting Arab nationalist ideals he believes that the Arab world is constrained by rigid adherence to traditional business and management methods; he is in no doubt of the superiority of American methods. In an article on Monday's Management Page he shows how traditionalism prevents many Arab commercial organisations from *fulfilling* the *potential* with which their capital endows them, and he explains how he applies western business methods to running TAIC.

Mr. al-Sai was brought into TAIC to restructure it after an initially rapid, but haphazard development, under its previous director general, Mr. Ibrahim al-Ibrahim, a Kuwaiti. During that period TAIC became heavily involved with the vast Kenana sugar project in Sudan, whose voracious appetite for more capital meant that it now *accounts* for more *than* a quarter of TAIC's $300m equity loan portfolio.

Because of the time spent sorting out TAIC's past commitments and the long gestation period for new ones, the company did not expand its equity portfolio in 1979, but it is now commencing several new projects.

However, Mr. al-Sai is due to leave TAIC in October, at his own wish, if a successor has been found by then. By temperament he is a banker *rather* than a politician and it may be that the attributes of the latter are essential in an Arab multi-state concern. Undoubtedly he has also been disappointed by the progress of intra-Arab investment, which generally has not really lived up to expectations—a view shared by the Kuwaitis, the biggest intra-Arab investors—and is less of a talking point today after the latest round of oil price rises than it was after 1973-74.

The trouble with intra-Arab investment, it has been said, is that the rich Arab countries don't need it, the socialist countries don't want it and the bankrupt countries can't use it. This is an excessive generalisation but of the main *outlets* for TAIC operations—Morocco, Algeria, Tunisia, Egypt, Syria, Jordan, Sudan and North Yemen—most have socialist or dirigiste *administrations.*

The two countries in which investors from the Arabian peninsula most like operating are Jordan and Tunisia, with their reasonably efficient governments. TAIC and other Arab investors have found that while most of the other states theoretically welcome outside investment by drawing up enticing legal codes and making tax concessions, they often obstruct it in practice.

Fundamental opposition

In the socialist countries outside investors usually must not only go into partnership with government, but must use State organisations for many vital services, like transport, fuel supplies and even simple banking transactions. Very often these organisations are badly run and bypassed as much as possible by the local private sector.

Within the State bureaucracies of which they form part, most *staff have* ooe of *two* attitudes. Either they are fundamentally opposed to the concept of outside investment and the loss of State influence *it is believed* to entail, or they are simply not motivated or skilled enough to push things through speedily and efficiently, lacking either personal commitment or a profit motive. This has usually come as a shock to investors from the capitalist and often leanly *administered* Gulf States, notably Saudi Arabia, Kuwait and the United Arab Emirates.

Under Mr. al-Sai TAIC has waged a discreet war of attrition against the dogmatism and sloth of some Arab administrations. It insists on good feasibility studies, the application of strict economic criteria (though it may be prepared to settle for less than the maximum financial return) and opposition to corruption in the schemes in which it takes a stake.

Among its successes it points to the *Asment* de Tamara cement project in Morocco, of which it owns 18 per cent, and the Ciment Amiante Tunisie, a Tunisian asbestos pipes venture, in *which it* has 33 *per cent.*

Even Kenana in Sudan, now producing its first sugar, can be regarded as a considerable logistical and technical achievement, and has taught some important lessons and demonstrated new management methods in Sudan. (If the improvement in the world sugar price continues, it should become profitable in due course.)

Mr. al-Sai says that not being *tainted* with colonialism, TAIC can "bring the discipline of development to the Arab world and thereby do it a service."

But he believes that in many Arab countries nothing less than a drastic reform of attitudes and administrative procedures is necessary. Otherwise "they will strangle themselves to death." Both Left- and Right-wing political systems in the Arab world are equally intellectually bankrupt in economic terms, he says, and their fundamentally *patriarchal social systems* are a bad breeding ground for the kind of management the Arab world badly needs.

Exactly how TAIC will develop after the departure of Mr. al-Sai depends to a considerable extent on who is chosen to succeed him. He will leave behind a strong portfolio of investment projects at different stages of development. But if it is to be effective TAIC will have to continue trying to avoid the institutional problems that so often dog multi-state Arab organisations.

THE PROPERTY MARKET BY MICHAEL CASSELL

£50m Uxbridge plan gets approval

CRUDEN DEVELOPMENTS and Allders of Croydon have been given the go-ahead for a town centre redevelopment scheme in Uxbridge, Middlesex, which will, on completion, be valued at around £50m.

The project is on a three-acre freehold site which is adjacent to the London Transport Underground station and bordered by High Street, York Road and George Street. Work is due to begin next spring and occupation is timed for the autumn of 1983.

The Cruden-Allders joint development will provide 130,000 sq ft net of floorspace in a ten-storey office building as well as a 200,000 sq ft department store. Construction costs of the office and department store space are put at around £12½m each at today's prices. A 420-vehicle car park will also be included.

Allders, part of the UDS Group, intends to occupy the department store, although it might consider offering franchises on some of the floorspace. Land for the scheme has been assembled separately by the two groups but about nine months ago they were introduced to each other by the borough valuer and decided on a joint approach.

With approval for their plans now forthcoming from Hillingdon, David Sparrow of Cruden says the development partners will complete negotiations on outstanding land acquisitions and study financing options.

These remain wide open, although some involvement by an institution looks certain. UDS may decide to use its own funds for the store or seek outside cash and go in as a tenant, in which case finance for the entire redevelopment could be found from one source. Cruden says the office complex could be taken by an owner occupier or let on the open market on a single or multiple occupancy basis.

According to joint letting agents Richard Ellis (acting with Farr Bedford) there is an acute shortage of large office schemes in West London and the new building will be a "rare commodity" for which record rents would be expected.

Uxbridge, where Rank Xerox is the dominant tenant, forms one of the strategic centres under the Greater London Council plan which benefits from the absence of any local user restrictions, unlike towns in neighbouring Berkshire and Hertfordshire.

It has, as a result, acted as a magnet for organisations wishing to be close to Heathrow and the centre of London, though some might suggest that the resulting development has left the town a rather unsightly monument to modernisation.

Shortage near—Laing

THE UNFAMILIAR prospect of a shortage of office space in Birmingham's Edgbaston district is held out in a report this week from Laing Properties.

LPL, which cannot claim to be an entirely impartial observer of the Edgbaston scene—it still has 40,000 sq ft to let in its 103,000 sq ft Edgbaston House development—says that a little over 500,000 sq ft of space was taken off the local market between January and and end of June.

There is, according to LPL, about 191,000 sq ft of office space currently available in Edgbaston or about to come on to the market but only two buildings are capable of offering lettings in excess of 30,000 sq ft.

At the same time, there is little new accommodation under construction and, as a result, all available space in the area is likely to be taken up before the end of 1981. A shortage will then exist and rentals can be expected to continue their upwards trend.

LPL says average rental rises over the 12 months to this June were around 58 per cent, taking the rate per square foot from £2.60 to just over £4.

Yields still stand firm

DESPITE the deepening recession and weakening rental growth in many parts of the property sector, prime yields steadfastly refuse to move, according to agents Healey and Baker.

All those confident assumptions about a new-look property sector operating on a fresh set of ground rules and remaining soundly underpinned so far appear to remain fairly well justified.

Property is not going to escape the effects of the current economic situation—there are already sufficient empty period office suites in Mayfair and vacant High Street shops to prove that. But the market continues to display a resilience which may yet be put to the test, although it hardly looks set to crumble.

As for yields, Healey and Baker subscribe to the view that their long-running stability has in part represented a reflection of the shortage of properties suitable for direct institutional investment and, more importantly, their proven long-term performance of a hedge against inflation (currently battling it out with unemployment for the title of Public Enemy Number One).

As this column pointed out a few weeks ago, institutional investment in the first quarter of 1980 reached £375m, or less than 15 per cent of total investment outlay by insurance companies and pension funds. Property units trusts put in another £22m.

In turn, Healey and Baker point out that while the total may be nearly 30 per cent higher than the average quarterly figure for 1979 it still falls substantially short of the 20-25 per cent property investment target set by most of the institutions.

The agents comment: "This target implies that, given the right opportunity, the institutions would place about £2bn-£2½bn a year in direct property investment—twice the level of investment in 1979 and a good omen for the public sector disposal programme now underway."

Famine to feast

THE GOVERNMENT'S proposed "renaissance" of small businesses via the provision of equally small factory units seems to be arousing the often well-hidden imagination of growing numbers of investing institutions.

This week's news that the Midland Bank is to provide £5m for the state-owned English Industrial Estates Corporation to build and manage small industrial workshops in assisted areas follows a £5m injection from Barclays and £15m from the Coal Board pension funds. More agreements are now on the way.

The Corporation has now received £25m to date from private industry against the £15m target set when the scheme was announced in April. Already 1,500 units are assured.

So far so good. Lettings of existing space under the scheme have gone well and the market can clearly absorb numbers of this magnitude. It only remains to be hoped that any large-scale rush into industrial regeneration of this type does not replace a famine with a damaging feast of small factory units.

The type of accommodation planned does not take long to assemble and many could well be available while the worst effects of the recession are still being felt. Huge volumes of industrial space (mostly involving larger units) are already planned or underway and there must be a danger that supply could soon, if not already, have little in common with demand. It would be a shame if, having shown an interest, the attitude of the banks and institutions should be soured by some early, unhappy experiences.

Heron in $40m U.S. development plan

HERON INTERNATIONAL, the holding company for the Heron Corporation, has acquired a half-share in Hall Properties of San Francisco and it set to embark on a development programme involving high-technology factories in the U.S.

Mr. Gerald Ronson, chairman and chief executive of Heron, will announce the news today at the group's annual meeting in London.

The deal arises out of a long-standing personal relationship with Mr. John Gomez-Hall — the two men were together involved in Spanish property deals — who has spent time putting together development sites on America's west coast and is now ready to build.

Under the new partnership, of which Mr. Ronson will be chairman, Hall Properties plans a $40m programme involving the construction of 770,000 sq ft net of factory space for high-technology tenants. Building work will begin in the next two or three months and will be carried out over three or four years.

Two main sites are involved. The first, in San Francisco, will offer 485,000 sq ft of net floorspace in the Bay area while the other complex, at San Diego, will provide the balance of the 770,000 sq ft.

Mr. Ronson says Mr. Gomez Hall will be the chief executive and Heron will be putting up the development capital—in $10m tranches. There are high hopes that further schemes will follow the first two, where all the space will be available to let.

The move follow Heron's increasing interest in the U.S. and it has, subject to approval from the Federal Home Loans Board, already taken over the Pima Savings and Loan Association in Arizona. The equivalent of a UK building society, the Association has assets of over $400m, utilised mainly in the granting of home loans.

Heron's new corporate structure will enable its proposed expansion into the U.S. to develop separately from group interests in the UK and Europe and all U.S. acquisition will now be done via Heron International.

● **The Worshipful Company of Cutlers, in conjunction with Greycoat Estates, intends to redevelop a 0.4 acre site fronting Houndsditch and Cutler Street, City. Planning consent is being sought for a 67,500 sq ft office-retail scheme and work could start in early 1981. St. Quintin are advising the Cutlers and Richard Main is acting for Greycoat.**

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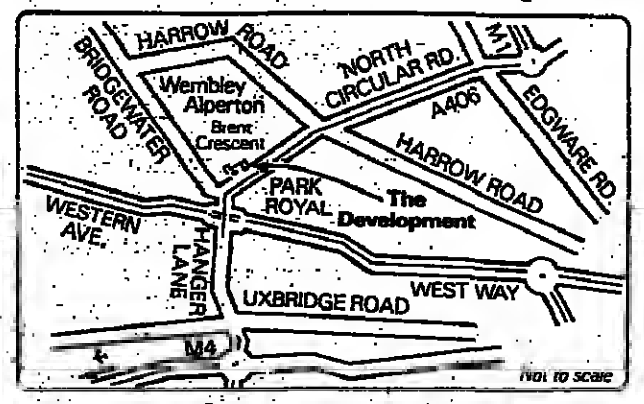

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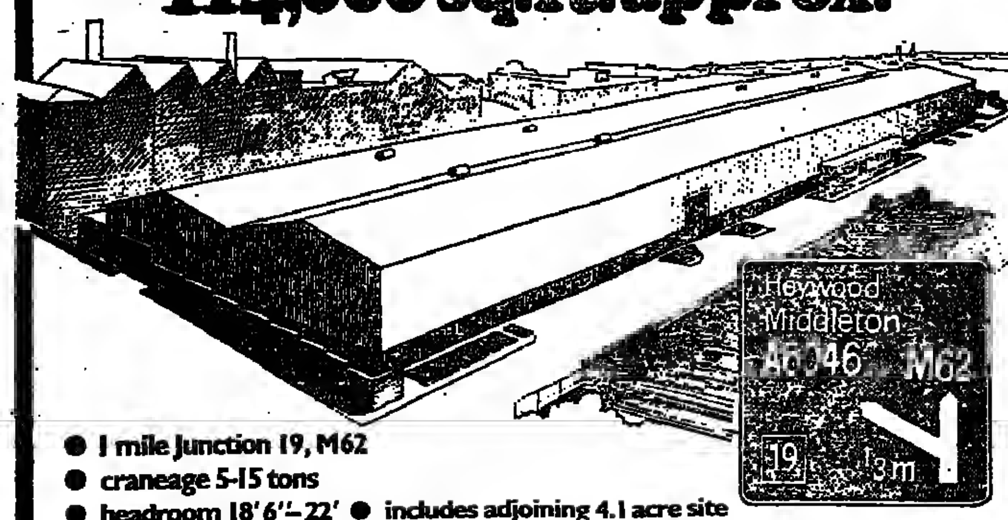

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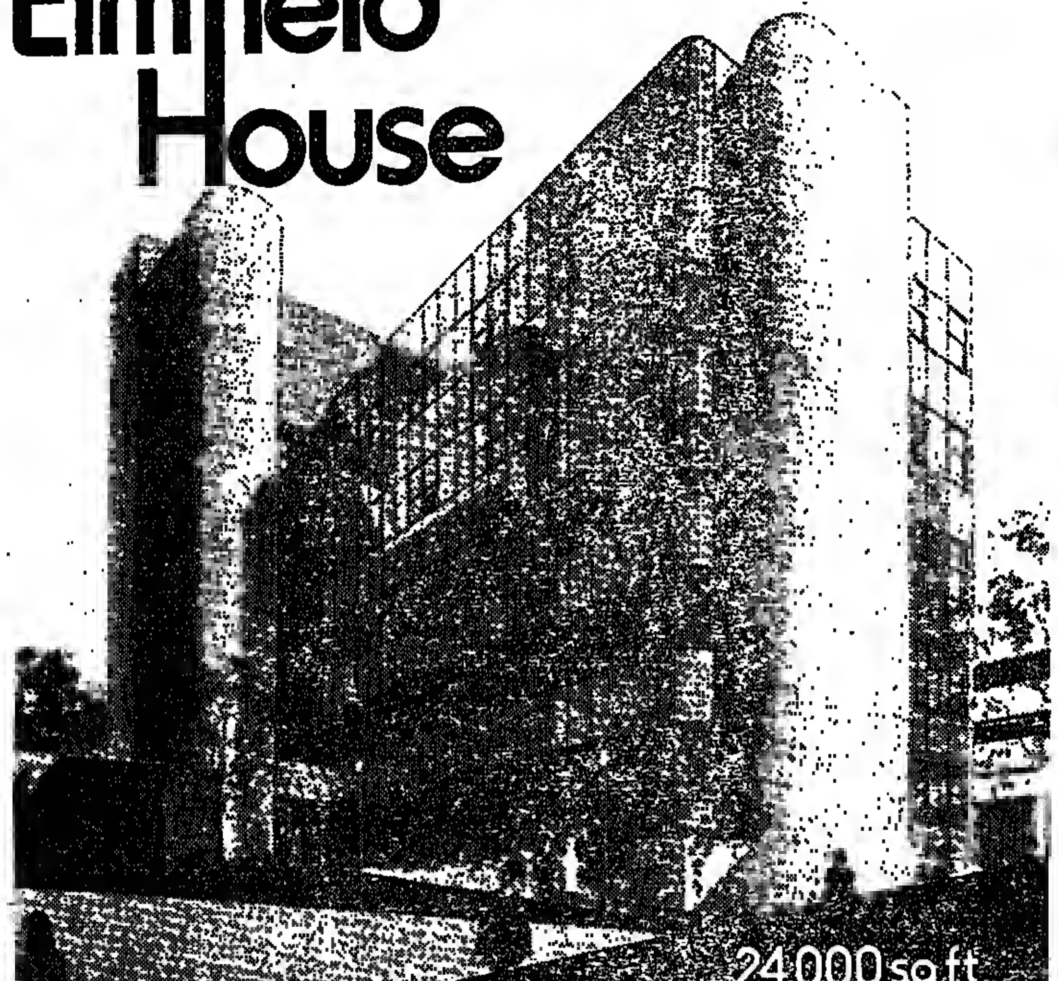

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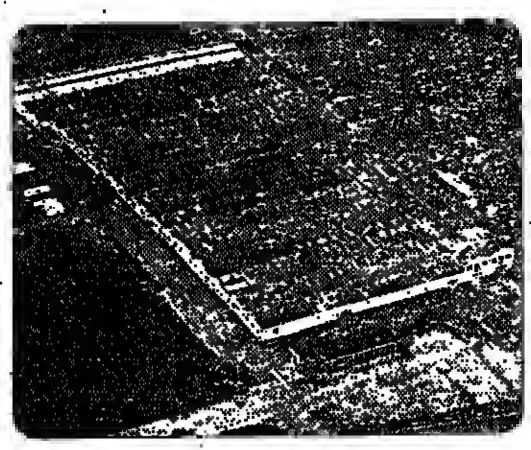

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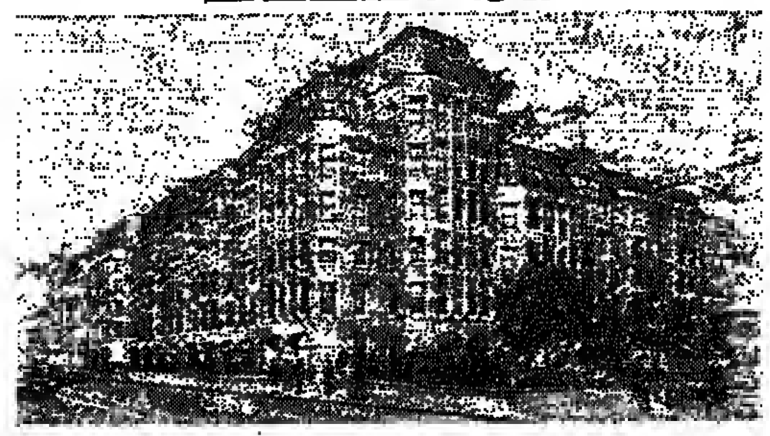

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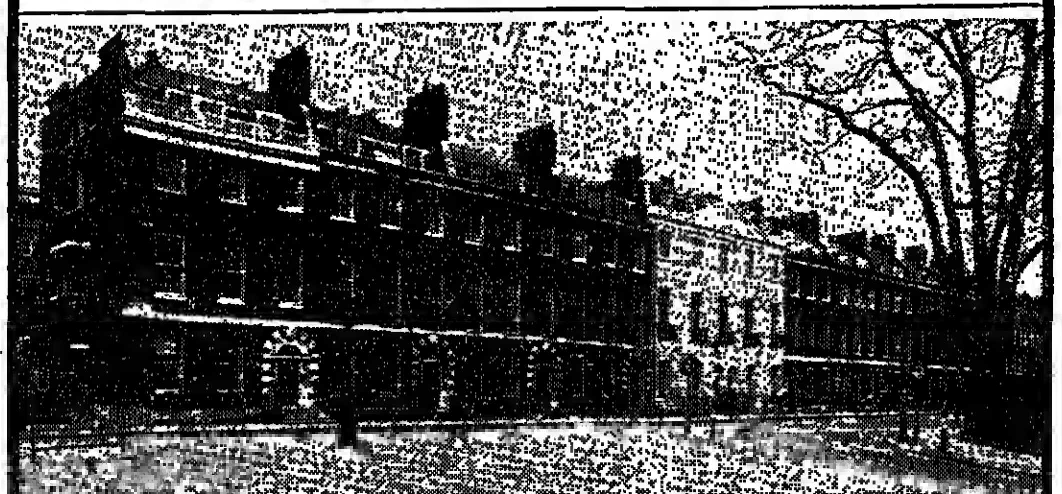

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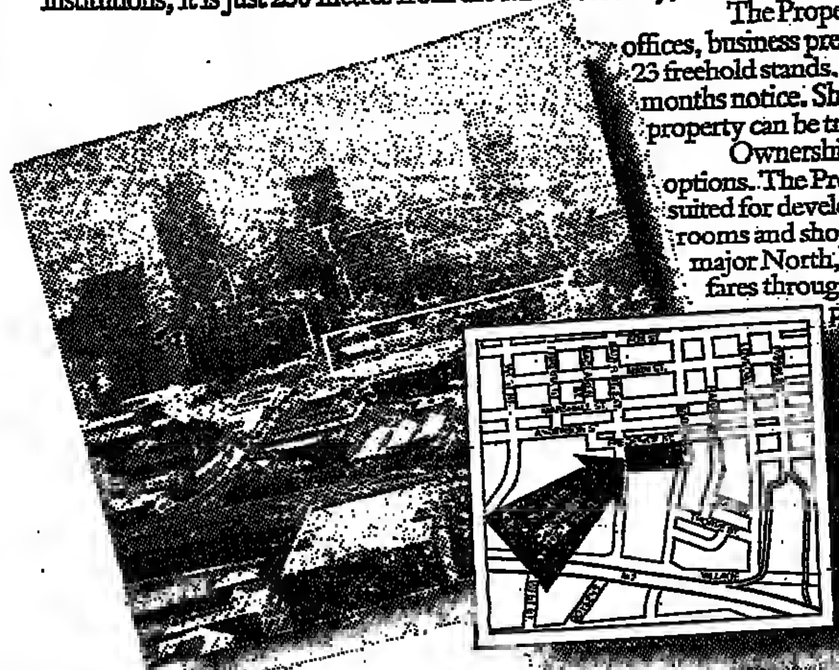

The Property is zoned as General Industrial, permitting offices, business premises and industrial buildings. It comprises 23 freehold stands. All tenants are subject to six calendar months notice. Shares in the company now owning the property can be transferred.

Ownership of this land offers a variety of growth options. The Property is a growing asset in itself, and is well suited for development of offices, large ground floor showrooms and shopping complexes. There is easy access to major North, South, East and Western bound thoroughfares through the City. The Property's size makes it possible to provide extensive parking.

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The Central Business District of Johannesburg has been the focus of many big land deals over the years. Now the Last Chance is here. Whatever happens at 11 a.m. October 28th will become an important chapter in South African business history.

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IMPORTANT: Company Shares can be transferred.

For a detailed brochure of this historic Auction, and any further particulars, please contact Sally Kiddle at BBDO. Telephone 836 4802 London.

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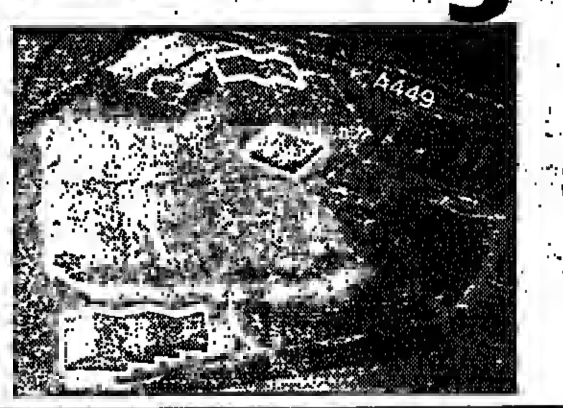

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A FINANCIAL TIMES SURVEY

East Anglia

November 5 1980

The Financial Times proposes to publish a Survey on East Anglia in its edition of November 5. The provisional editorial synopsis is set out below:

INTRODUCTION The economy of East Anglia is better placed to withstand the consequences of a recession than most other parts of the country. Although wage rates are lower than elsewhere in Britain, largely because of its heavy dependence on agriculture and food processing, its small towns such as Norwich, King's Lynn and Bury St. Edmunds and its industries are prosperous. However, black spots exist, particularly on the northern coast, and the holiday industry has had a difficult year. This Survey will examine what can be done to help the less affluent parts and see how the high level of immigration from other parts of the country could affect the economy.

Editorial coverage will also include:
AGRICULTURE
INDUSTRY
PROPERTY
SMALL FIRMS
PORTS
THE ARTS
TOURISM
PROFILES

Copy date for advertisements is October 17.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

COMPANY NOTICES

COURTAULDS INTERNATIONAL FINANCE N.V.

9¾% GUARANTEED LOAN DUE 1985 UNCONDITIONALLY GUARANTEED BY COURTAULDS LIMITED

NOTICE IS HEREBY GIVEN that the Company has purchased bonds in amount sufficient to satisfy the 1st October, 1989, redemption requirement.

CHEMICAL BANK on behalf of COURTAULDS INTERNATIONAL FINANCE N.V.

Dated 5th September, 1980.

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment.

248	333	482	497	1168	1395	1309	1373	1525	1862
1869	2343	2850	3578	3383	3799	4878	4876	5199	5593
5990	6028	6951	6052	6055	6064	8985	8991	8177	8179
6359	6381	7481	7485	7528	7815	7818	7858	8672	8685
8713	8876	9270	9286	19289	10270	10761	10833	11877	11699
12591	12598	14389	14447	14448	14453	14850	16755	17846	19707

Nominal value of Bonds in circulation: $19,069,999.99.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 8% First Debenture Stock 1977/80 of this company will be closed from 1 November, 1980 and not be re-opened.

N. A. HALTON, Secretary.

Victoria Street,
London SW1.
3 September, 1980.

HIGSONS BREWERY LIMITED

NOTICE IS HEREBY GIVEN that payment of the Interest in respect of the 8½% Unsecured Loan Stock 2900/2905 due on 1st October, 1989, will be made to those Loan Stockholders on the Register at close of business on the 12th September, 1989.

By Order of the Board.
H. E. THOMAS, Secretary.

127, Dale Street,
Liverpool L2 2JJ.
5th September, 1980.

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 and in the Matter of *ROCOL BAKER (MARKYATE) LIMITED*

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 10th day of October, 1980 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned:

LAURENCE JACK GERRARD,
Chartered Accountant,
of Adam House,
14 New Burlington Street,
London W1X 2BU,

the Liquidator of the said Company and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 28th day of August, 1980.
L. J. GERRARD, Liquidator.

IN THE MATTER OF THE COMPANIES ACT 1948 and in the Matter of *DEIRA LIMITED* (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Wednesday, 17th September 1980 at 11.15 a.m. to be followed at 11.30 a.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding-up to date.

Dated this 21st day of August, 1980.
E. TAYLOR, B. MILLS,
Joint Liquidators.

OBITUARY

STEWART.—On Sunday, 31st August, 1989, at his home, Middle Farm House, Kneesworth, Royston, Herts, WALTER RICHARDSON STEWART, aged 45 years. *Funeral strictly private.* Donations if desired to Imperial Cancer Institute, Lincoln's Inn Fields, London.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 5½% First Debenture Stock 1979/83 of this company will *be closed from 18 to 31 October,* 1980, both dates inclusive.

N. A. HALTON, Secretary.

Victoria Street,
London, SW1.
3 September, 1989.

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE
U.S.$59,000,900-00 FLOATING RATE NOTES DUE 1983

For the six months, August 28, 1989 to February 28, 1981, the notes will *carry an interest rate of* 13⁷⁄₁₆% *per* annum.

The interest due February 27, 1981 against coupon nr. 6 will be U.S.$68.94 and has been computed on the actual number of days elapsed (183) divided by 389.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
Luxembourg.

KOMATSU LIMITED
(Incorporated in Japan)

ORDINARY SHARES EDRs ISSUED BY CITIBANK N.A. LONDON

NOTICE IS HEREBY GIVEN that a dividend due 30th June 1980 may now be claimed at the rate shown below on presentation to the undersigned of Coupon No. 22 together with the Special Listing Forms which are available from the undersigned.

Gross dividend per share U.S.$ 0.018265
Less 15% Japanese Withholding Tax per share.. U.S.$ 0.002740
Net dividend per share .. U.S.$ 0.015525

United Kingdom Income Tax at the reduced rate of 15% in the £ will be deducted from the amount of this dividend except in cases where coupons are accompanied by United Kingdom Inland Revenue affidavit of non-residence.

CITIBANK N.A.

Friars House,
39/41 New Broad Street,
London, EC2.

NU-SWIFT INDUSTRIES LTD.

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed from the 25th September, 1980 to the 3rd October, 1980, both dates inclusive.

By Order of the Board,
KENNETH WOOD, Secretary.

Nu-Swift Factory,
Elland, West Yorkshire.
Transfer Office:
Hope, Agar & Co.,
Epworth House,
25-35 City Road,
London, EC1Y 1AR.

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APPOINTMENTS

Burmah managers

Mr. M. N. Burchell has been appointed *manager, production, for* BURMAH OIL EXPLORATION. Before joining Burmah, he was with Brunel Shell Petroleum *as head of production* technology. Among Mr. Burchell's duties will be responsibility for all aspects of Burmah's interest in the Thistle Field, and the management of its growing involvement in worldwide drilling and production operations. Mr. P. M. Bladen has been appointed general manager of the operations of Burmah Oil Exploration in Gabon. Before joining Burmah, he was seconded by Compagnie Francaise des Petroles to Abu Dhabi Marine Areas as head of planning in Abu Dhabi.

★

Mr. William R. Gurgamus, a member of the Board and president, PROCTER AND GAMBLE INTERNATIONAL, *Cincinnati,* plans to retire at the end of this year. Mr. Edwin L. Artzt, executive vice *president,* has been recommended for election to the resulting vacancy. He currently has responsibility for European and other international operations.

Mr. G. C. Wilson has been appointed comptroller and a member of the management committee of PROCTER AND GAMBLE, Newcastle upon Tyne. He returns to the UK from the P&G European beadquarters in Brussels, where he held the position of finance and accounting co-ordinator, European operations.

★

Mr. David G. F. Thompson has been appointed e director of *THE WOLVERHAMPTON AND DUDLEY BREWERIES,* responsible for the packaging and wines and spirits operations of the group.

★

The following have been appointed associete directors of FINE ART DEVELOPMENTS: Mr. A. Gentles, managing director, Webb Ivory; Mr. M. R. Hall, group financial controller, Fine Art Developments; and Mr. G. D. Myers, joint managing director, Wilson Bros.

★

Mr. Peter Neville has rejoined ANTONY GIBBS AND SONS after e two and a-half year secondment as adviser director of an associate merchant bank in Melaysie and has become a director.

★

Mr. M. J. York has been appointed director and general manager of APE-ALLEN, Bedford. He succeeds Mr. J. Q. Taberner who has retired as managing director of the company after more than 40 years' service with Amalgamated Power Engineering group com*panies.*

★

Mr. Daniel Lakey has been appointed financial controller of RAMTEK, Cheltenham, manufacturer of commercial video monitors.

★

Mr. Donald Ramsay has joined the TSB TRUST COMPANY as *deputy actuary.* He was formerly with Crown Life.

★

Mr. Devid Markby has been appointed managing director of LEASCO SOFTWARE following the resignation of Mr. Peter Hunt to pursue his own interests.

★

Mr. H. R. L. Lumley has succeeded Mr. R. E. W. Lumley as managing director of EDWARD LUMLEY AND SONS. Mr. R. E. W. Lumley will remain non-executive chairman of Edward Lumley and Sons and will continue as chairman of Edward Lumley Holdings.

★

Mr. Gordon Tindle has been appointed a director of ARDEN DATA PROCESSING, Leicester.

★

Sir Alan Keir *Rothnie* has joined OVERSEAS TECHNICAL SERVICE INTERNATIONAL as a *non-executive director.* Before retiring from the diplomatic service he was British Ambassador to Switzerland.

★

Mr. John Harris, until recently deputy chairman of IPC Business Press, is to be the next chairman of the BBC's central agricultural advisory committee. The present chairman, Mr. *Derek* Barber, retires at the end of 1980.

★

Mr. John W. Baker has been appointed a full time member of the CENTRAL ELECTRICITY GENERATING BOARD for five years from September 5. Since January 1979, he has been secretary of the CEGB.

★

COMMON BROTHERS has made the following changes. While remaining the director resident in London, Mr. J. M. Finlister also becomes chief executive of Horncastle Investments, the group's *insurance* broking subsidiary. Mr. M. W. Latham is appointed an executive director of Common Brothers Shipping Services, the London shipbroking operation, combining this with his existing post as an executive director of Northumbrian Shipping Company. Mr. H. P. West will *relinquish* his executive duties with Horncastle Investments and its subsidiary companies on reaching retirement on October 27. He is remaining on the Boards of Horncastle Investments, Horncastle Crawford and West (as chairman) and Horncastle Underwriting Agencies.

★

Sir William Vincent has been appointed e director of SAVE AND PROSPER INVESTMENT *MANAGEMENT.*

★

Mr. E. J. Symons has been appointed to HALIFAX BUILDING SOCIETY'S London board. He is deputy chairman of BAT Industries.

★

Mr. Alan Martin is the new chairman of the HORSELL GROUP, Leeds. He succeeds the late Mr. J. Mervyn Wigley.

★

Mr. James Vernon has been *appointed to the boards* of Constantine International Trading Company and Moxon Salt and Co., both wholly-owend subsidiaries of CONSTANTINE HOLDINGS.

★

THORGANBY FARM PRODUCE, the frozen foods division of Thorganby Farm Partners, *based near York, have appointed* Mr. Peter Watson as chief executive. He was formerly marketing director of Elba Growers.

BASE LENDING RATES

A.B.N. Bank	16 %	■ *Hambros Bank*	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	*Langris Trust Ltd.*	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de *la Tamise S.A.*	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	*Ryl. Bk. Canada (Ldn.)*	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ *Guinness Mahon*	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

BANK RETURN

	Wednesday September 3 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,031,208	+ 2,202,916
Bankers Deposits	584,616,398	— 104,168,505
Reserve & other Accounts	648,846,125	+ 31,168,930
	1,286,048,731	— 70,796,659
ASSETS		
Government Securities	625,264,064	— 108,330,000
Advances & Other Accounts	252,331,655	+ 1,699,648
Premises Equipment & Other Secs.	400,211,595	+ 36,572,496
Notes	7,957,683	— 726,657
Coin	270,735	— 12,146
	1,286,048,731	— 70,796,659
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,225,000,000	— 125,000,000
In Circulation	10,217,032,317	— 124,273,343
In Banking Department	7,967,683	— 726,657
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,389,948,681	— 93,817,687
Other Securities	1,824,036,219	— 31,182,313
	10,225,000,000	— 125,000,000

FINANCIAL TIMES SURVEY

Friday September 5 1980

The New St. Gotthard Tunnel

After more than ten years of work under the Alps, today sees the opening of the $414m St. Gotthard motorway tunnel — an important new link for traffic passing between Northern and Southern Europe. JOHN WICKS reports.

World's longest road tunnel

TODAY, SWITZERLAND opens the St. Gotthard motorway tunnel under the Alps. With a length of more than 10 miles hatween Göschenen, in the north, and Airolo, in the south, the $414m project is the longest road tunnel in the world. It is also an important new link for traffic passing between Northern and Southern Europe — almost exactly a century after the complation of the Gotthard rail tunnel along the same route.

The tunnel has been under construction for just over 10 years, with two Swiss building consortia working for the cantons of Uri and Ticino. Most of the financing comes from the Federal Government, however, in whose ambitious programme of "Nationalstrassen" the contract has been a key project.

The cost is high and some 125 per cent above the original estimate, but hardly exhorbitant; a one-mile stretch of motorway opened in Zurich last month ran up a bill eqnal to 30 per cent of the SwFr 686m spent on the highly-sophisticated tunnel.

The tunnel meets a major aim in the Swiss national transport policy. This is the fast, all-weather and toll-free connection between the Ticino and the rest of the country.

Together with the Seelisberg tunnel to the north (due to be opened this December), it will provide a direct link between Basle and Chiasso—without trailing over the 6,916-ft Gotthard Pass or spending SwFr 30 each way on the Göschenen-Airolo rail shuttle. The pass is, in any case, closed by snow for more than half the year.

Tha reduction of the north-south route by over eight miles and the saving of a 3,000 feet altitude distance will aave some SwFr 13 per trip, say the Berne planners—this is quite apart from the bad-weather rail costs. Add to that the anticipated cut in traffic accidents, pollntion and petrol consumption and the strengthening of national communications, and the Swiss are in possession of what they see as a "very lucrative, high-performance road."

As far as capacity is concerned, it is expected that an average of 9,500 vehicles a day will be using the St. Gotthard Tunnel in the immediate future.

Motorway plan

By 1987, wben the remaining gaps in the N2 motorway in the Ticino are completed, the average is seen as rising to about 16,000 daily. The maximum hourly capacity is 1,800 vehicles, not least because of ventilation limits.

Although the tunnel is a two-lane road only, and thus not really a motorway at all, it should be ahle to take all the traffic likely to use it for many years to come. A second tuhe may be tunnelled out one day—preliminary work on this has already taken place—but experts feel this wonld bardly be necessary before the year 2000. It would not be worth the great expense of a second tube just to avoid the occaslonal bold-up at peak periods when the pass is closed.

In the framework of international transport, the Gotthard route is one of the three major trans-Alpine connections passing through Switzerland. The other two are the Simplon, leading from the Rhône Valley into Italy, and the San Bernardino from the uppermost reaches of the Rhine to Italy, via the Val Mesolcina.

For most long-distance traffic on the north-south axis, the Gotthard tunnel is the hest way to go. The shortest stretch between Hamburg and Reggio di Calabria, will attract a great deal of southern-bound holiday traffic, as well as regular business and private custom.

The tunnel hrings Frankfurt and Milan over 90 miles closer than the route througb the Arlberg in western Austria.

The N2 also connects the highly-indnstrialised areas of north-western Europe with the similarly developed north of Italy. This means that commercial vehicles will not he long in discovering the fast—and free—tunnel route.

In fact, the authorities are anything but keen on attracting hordes of long-distance lorries. The tunnel was simply not built with heavy vehicles in mind. From the very start, the Swiss authorities have imposed a weigbt limit of 28 tonnes, with a weighing station in Canton Uri to check on this, and a maximum-length rule, as well as a han on night and Sunday driving.

If these restrictions are not enough, the Swiss will have no hesitation in applying new ones, they say. At the same time, though, measures have been taken to make things easier for hauliers and drivers—particularly in the field of piggy-back rail facilities, container handling and loading stations in Basle and the Ticino.

The road tunnel is not intended to he competition for the rail route. National transport policy foresees co-ordination of road and rail services, not only by the expansion of piggy-back facilities and the alteration of the rail tunnel's profile, but also by the closing down of the flat-back car shnttle between Göschenen and Airolo stations as the road tunnel opens.

Export traffic

The road will, in fact, take away only a little traffic from the railway system's long distance transit business. Indeed, the better piggy-hack service may win hack some of the export traffic lost to road transport in recent years.

As things are, the rail tunnel would bave proved insufficient to handle the volume of traffic under the Gotthard during the long period every year when tha pass is closed. The rail tunnel is subject to heavy traffic frequencies and little can be done to increase its capacity.

The road link alone will ease (but not solve) the situation. With the Swiss Government's "Integral Transport Concept" —the hasis for national policy —looking toward a rise in total freight and passenger transport hy train in the order of 80-100 per cent by 2000, new trans-Alpine services will be necessary early in the 21st century.

With a new rail tunnel between Realp (Uri) and Oberwald in the Valais to open under the Furka pass in 1982, there is much talk about further rail projects, among them a gigantic scheme to lay a nearly 29-mile "Gotthard base" tunnel from Amsteg to Biasca at a cost of SwFr 6.3bn ($3.81bn) and a railway under the Splügen Pass between the Grisons and Italy. As urgent as many claim these are, the Government says it will not present plans to Parliament until Federal finances are in a better state.

However, not only rail traffic is increasing. The authorities believe that the demand for road transport, in terms of ton-miles, will increase 50 to 70 per cent by the end of the century. The motorway programme, in general, and major individual projects such as the Gotthard tunnel, in particular, are meant to meet these substantial future requirements.

Bottle-necks

The motorway huilding programme is progressing relatively slowly, bowever, and bottle-necks will continne to exist in tbe network for some years to come.

This applies also to the roads to and from the Gotthard tunnel. To the north, the situation is not serious, especially with the opening of the Seelisberg four-lane tunnel on the Uri/Nidwalden border in a few months' time. There is still a gap in the motorway system in Canton Lucerne, but a little "knot" at Sursee will have been untied by next year.

The situation is rather less satisfactory to the south, between Varenzo and the Ticinese capital Bellinzona, where the motorway bas not yet been completed.

Motorists still have to face a stretch of two-lane road with a couple of hairpin bends, which could hold up traffic, particularly in a south-north direction. Not until 1983 will the last gap (between Bisca and Bellinzona) be filled, wherehy opposition is coming from the villages of Osogna and Preonzo concerning plans to run the N2 along the left rather than the right bank of the River Ticino.

Repercussions from the tunnel opening are likely tc reach down into Italy itself. The Milan by-pass is expecting thousands of extra vehicles a day from the Gotthard tunnel route and talks are now in hand between the road authority, ANAS, and the operator of the Milan-Serravalle motor-way, to open a third lane.

CONTENTS

A 10-mile motorway under the Alps

THE ST. GOTTHARD TUNNEL is not simply two lanes of traffic under a mountain. Apart from the advanced technology used in drilling through more than 10 miles of rock, the installation itself is a highly sophisticated engineering system. The sheer length of the tunnel and its heavy traffic load meant that its designers had to come up with new solutions to new problems. Technically, the result is anything but a mixture-as-before joh.

In fact, the Swiss were already experts in tunnel building. Their country has the world's highest density of tunnels — there will be 38 of them alone on the N2 motorway of which the St. Gotthard forms a part. Almost the same route between Göschenen and Airolo was taken a bundred years ago when the Gotthard rail tunnel was laid as one of the major civil engineering achievements of the 19th century.

The tunnel was built for the cantons of Uri and Ticino by two Swiss construction consortia.

The northern allotment was undertaken by Arbeitsgemeinschaft Gotthard-Strassentunnel Nord, a group of seven firms working under the management of the Zurich-based civil engineers Elektrowatt, which in its turn reported to the Uri authorities.

The southern section was the responsibility of the five-company Consorzio, Gottardo Sud; since Ticino is a larger canton than Uri, it directed the work through its own motorways department. The whole project was superintended by the Federal Roads and Waterways Bureau in Berne.

Comparison

Actual tunnelling took a total of over seven years and removed more than 1.65m cu. metres of rock. This is only a little less than the time taken a century ago for the drilling of the rail tunnel — but work took place on only 210 days, instead of 360 days a year.

More important still, the use of modern machines like the three specially designed "tunnelling jumbos" reduced the number of workers and serious accidents to only about one-tenth of the 1880s figure. More than 9.2m man-hours were needed for the road-tunnel and there were 19 fatal accidents.

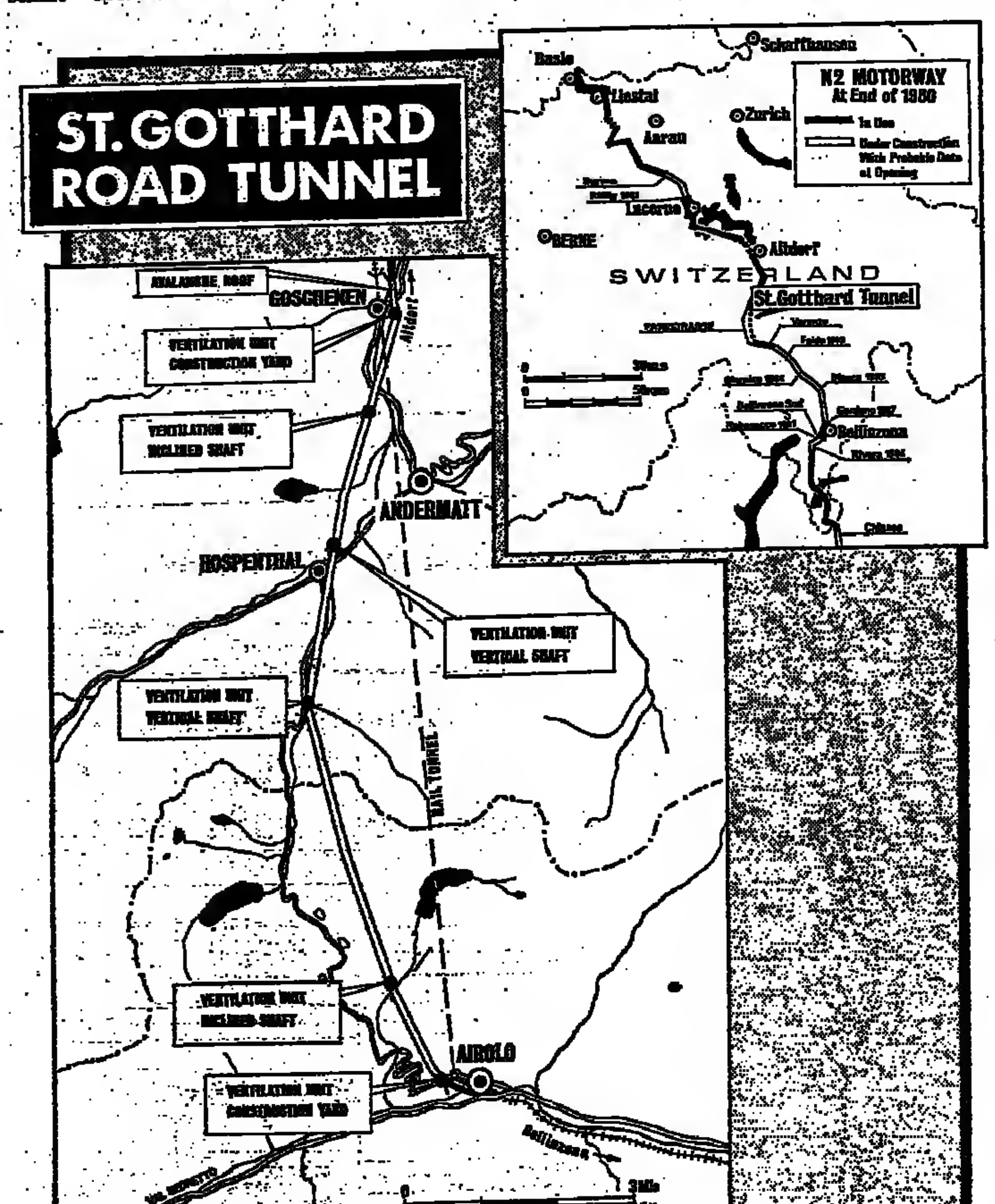
The main tunnel itself is 16.32 kilometres long, or 16.92 kilometres inclnding an avalanche-protection roof at the Göschenen entry. The road itself is 7.8 metres across, giving the two lanes of traffic ample space, and there is a 70 cm-hroad pavement on either side.

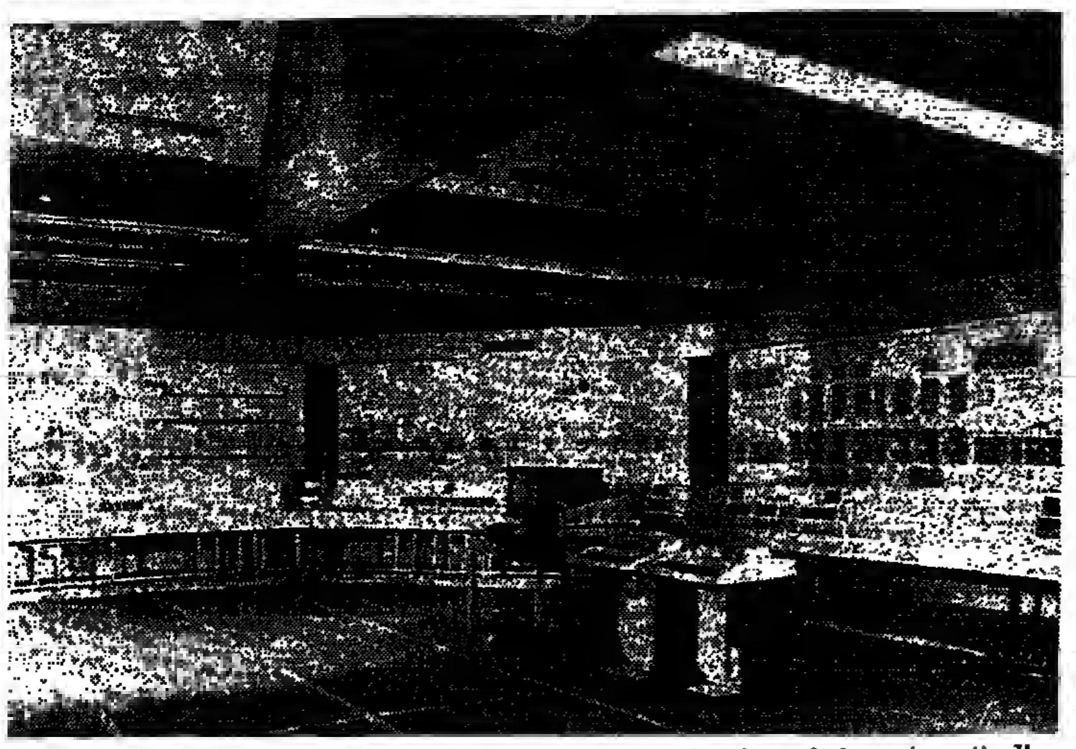
The tunnel has a 4.5 metre clearance and a transverse slope of 2 per cent. To reach its peak altitude of 1,175 metres above sea level, it has a gradient of 1.4 per cent on the north and 0.3 per cent on the south side. Inside the mountain the tunnel describes a wide arc, gradual curves making for easy and less monotonous driving.

Tunnelling through the differing geological formations of the Aare and Gotthard massifs presented some unforseen problems — water infiltration, rockfalls and, not least, pressures strong enough to bend and shift steel girders.

There were fewer unpleasant surprises of this kind than in the Furka rail tunnel, wbere drilling is just being completed between Uri and the Valais,

CONTINUED ON NEXT PAGE





The tunnel's operations centre. Ventilation in the tunnel is automatically controlled by computers

The new tunnel ensures safe and all-year-round road travel between central Switzerland and the Ticino region in the south

How the project has been financed

THE NEW Gotthard tunnel has cost something in the region of SwFr 686m ($413.7m), or rather more than SwFr 42m per underground kilometre.

Though the authorities point out that *this is comparable with* the bill for similar long-stretch road tunnels being built today, it is nevertheless a very large sum for a single pnblic works project. Nor has prosperous Switzerland money to burn—the Faderal exchequer has long been in the red and Government spending is cut to the bone.

The Swiss have, in fact, found a way of financing the tunnel more or less painlessly. It forms part of tha country's huge motorway construction programe, which present estimates say will cost a total SwFr 31.2bn ($18.9bn) by the time it is completed in the mid-1990s. When the programe was first drawn up 20 years ago, it became obvious that special financing would be necessary.

Faced even in 1960 with future annual expenditure of SwFr 700m a year by the central Government, plus a cantonal share of SwFr 120m, Berne decided to offset the cost of the motorways by charges on motor spirit.

First of all, a share of 40 per cent of the 60 per cent of motor-fuel Customs duties destined for road building was set aside for motorway financing. Subsequently, a special levy was *imposed* on the *basic* duty intended solely as a contribution towards the motorway programme. Today, these two charges amount to 35.67 centimes per litre of petrol, a substantial share of the total pump price of around SWFr 1.12.

Large income

The income *from* these two sources is considerable. In 1979, the abare of basic Customs duties (in that year 42 per cent of the available amount foreseen for road construction) brought in SwFr 225.9m ($136.9m), and the 30-centime additional lavy no less than SwFr 1.19bn ($724.2m).

The annual total is actually more than is being spent by the Federal Government on motorways, and has been since 1973. This means that the money laid out by the Government is being repaid year by year, the cumulated burden on the national accounts having been reduced from a peak SwFr 2.78bn ($1.68bn) in 1972 to only SwFr 1.26bn ($767.8m) last year.

Given an expenditure by the Federal Government of somc SwFr 18bn ($10.9bn) by the end of 1979, all bnt 7 per cent has therefore been paid back—by the driving public. Within three or four years, it seems likely that the entire Federal costs to date will have been *covered*. Whether or not the petrol levies will then be rednced, remains to be seen. Certainly, the exchequer would not seem to be suffering in the long run; it has even been receiving interest on the "advance" made to the motorway programme!

The cantons on whose territory the Gotthard tunnel is located (Uri and Ticino) will find themselves with real costs for construction and maintenance of the tunnel. These are bearable, however, even for a relatively poor canton, since the Federal Government covers between 55 per cent and 97 per cent of costs for motorways. Uri comes in for the maximum 97 per cent contribution, and Ticino for a rate of 92 per cent.

This means little is left for them to pay of the 60/40 per cent cost split arising from the mileage of the tunnel in Uri and Ticino, respectively.

There has not unnaturally been some dismay in Altdorf and Bellinzona at the spiralling of tunnel costs, now some 125 per cent above the original estimate. But the small share to be borne by the cantons has not led to financial embarrassment. Uri was last year one of the few Swiss cantons *in* the black, while the big Ticinese deficit (Switzerland's largest, in fact) cannot be blamed on the tunnel.

The *covering* of the lion's share of the expenditure on the Gotthard tunnel has meant that Switzerland has not gone the way of other countries in financing a project of this kind. There was no need to go to the national or international capital market with a bond issue, as had been suggested before the motorways programme was launched, nor have the Swiss favoured the introduction of a toll. This conld have taken the form of a turnpike toll for the tunnel itself, similar to that raised for the Arlberg tunnel in *neighbouring* Austria, or a general-use toll in the form of a windscreen sticker. The sticker (or "vignette") idea has been very popular in some circles, but the anthorities point out how difficult it would be to check whether vehicles were carrying one; the enforced sale of vignettes at entry borders would, in its turn, discriminate against foreign road users and breed bad feeling—particularly with transit travellers.

When initial estimates were made for the cost of the Gotthard tunnel in June, 1969, this was put at some SwFr 306m ($185.4m at today's exchange rates). The bill is now seen as adding up to SwFr 686m ($413.7m).

The massive increase in expenditure was subject to comment not only in the "tunnel cantons" bnt in the country at large. Three Parliamentary questions were put in *1977* and 1978 on the development of costs for motorways in general or motorway tunnels in particular and these led to the publication *this* year of a *Government* White Paper on the subject.

The chapter on the Gotthard project shows that SwFr 186.6m ($113m) of the extra costs (totalling SwFr 380.2m, or $230.4m) are attributabla to inflation — this single factor thus accounts for nearly one-half of the increase.

Extra cost

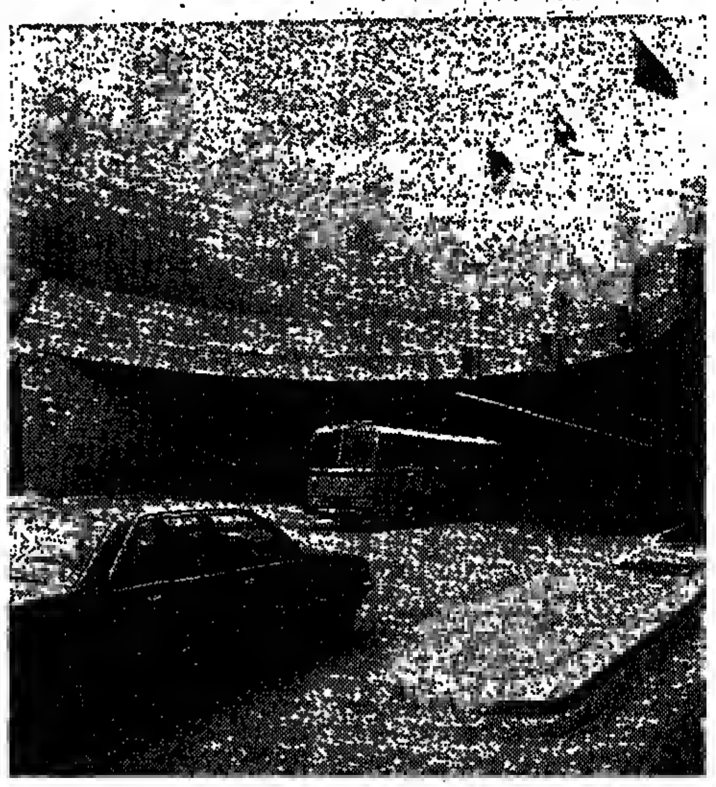
A further SwFr 99.3m ($60.18m), or over one-quarter of the additional cost, is put down to unforeseen expenditure dne to geological conditions.

Among other elemants are additional projects costing SwFr 39.4m ($23.87m) and preliminary investments for a second tunnel tuba of SwFr 21.5m ($13.03m).

The authorities do not appear to have let additional costs "happen." As the Government report points out, the tunnel was divided into 26 constructional "objects," with a further six for project work, land purchase and inflation.

An individual credit was set asida for each "object" on the basis of the tenders and subjected to permanent control; any additional credits were granted only on the basis of substantial applications. In Switzerland, the raising of building prices laid down in tenders is never easy and certainly far from automatic, contractors having to bring forward good reasons for wanting to overshoot original estimates.

Given the aize and sophistication of the tunnel, even the latest cost figure seems reasonable. Even including anticipated annual operational and maintenance costs of SwFr 6.8m ($4.12m), a 4 per cent interest on investment costs and a 1 per cent annual depreciation, the anthorities believe that the economic gains to be derived from the tunnel will make it a profitable venture from the start.



The northern entrance of the tunnel

Motorway under the Alps

CONTINUED FROM PREVIOUS PAGE

but still enough to add SwFr 99.2m ($60.1m) to tha bill.

Beside the main tunnel and divided from it by an average of 30 metres of rock is the so-called safety passage, a narrow tunnel with sufficient space to allow use by maintenance, police and rescue vehicles. This has its own ventilation system and a higher pressure than in the main tunnel. Every 250 metres emergency shelters are built in the separating rock, the safety passage's higher air pressure keeping fumes out of these in casa of a tunnel fire.

The ventilation of the main tube has played an important part in the planning of the tunnel. With up to 1,800 private cars (or equivalent) passing through the tunnel every hour, the question of air renewal is a vital one.

The tunnel is ventilated through two inclined ahafts and two vertical shafts with heights of between 303 and 543 metres. When there is only light traffic, dncts can be used for axial ventilation, drawing in air from a tunnel entrance and thus saving on power.

A total of 22 ventilators are in operation, special units with diameters of up to 3.4 metres having been developed especially for the tunnel. Some 6.5m kwh per year will be needed to power the air systems.

Constant watch is kept on carbon monoxide in the tunnel, working to a normal maximum content of 150 ppm. Ventilation is adjusted by computer automatically to this and also to visibility conditions — poor visibility resulting particularly *from* diesel vehicles — and air velocity. An early warning system is provided by vehicle counters well before the tunnel.

For traffic control in the tunnel itself — apart from the necessary signs at the tunnel portals — there are traffic lights every 250 metres, as well as constant reminders of the 80 kph speed limit.

Signs are operated automatically in the case of fire or maximum CO concentration or in other cases, by a controller following reports or observations on the *closed-circuit* television.

Major fires are automatically reported by a detector, whila there are SOS points (with telephone, emergency buttons and fire extinguishers every 125 metres on the west side and every 250 metres in the sbelters on the east side. TV cameras are installed about every 250 metres.

Control centres in Göschenen and Airolo are manned by police for traffic control and an operations team for technical controls and maintenance. They also receive constant reports on vehicle frequency and other traffic conditions as far from the tunnel as Amsteg in Uri and Varenzo in the Ticino, in each case np to the frontier between the two cantons in the tunnel. Eacb canton takes it in turns to be responsible for the control of the entire tunnel.

Not only operational communications are important, but also those with the road-users. A special cable system will permit car radios to receive programmes the whole length of the tunnel, whereby the tunnel control will be able to intervene with any special message. There *are loudspeakers* in the shelters in case of emergency.

Controversy

There has been some controversy in Switzerland as to the road surface in the Gotthard tunnel. The decision was taken to use asphalt, rather than concrete, as in the nearby Seelisberg tunnel.

The point had been made that a concrete surface would last better than asphalt, as well as giving better reflection and aaving on the tunnel's 4m-kWh lighting.

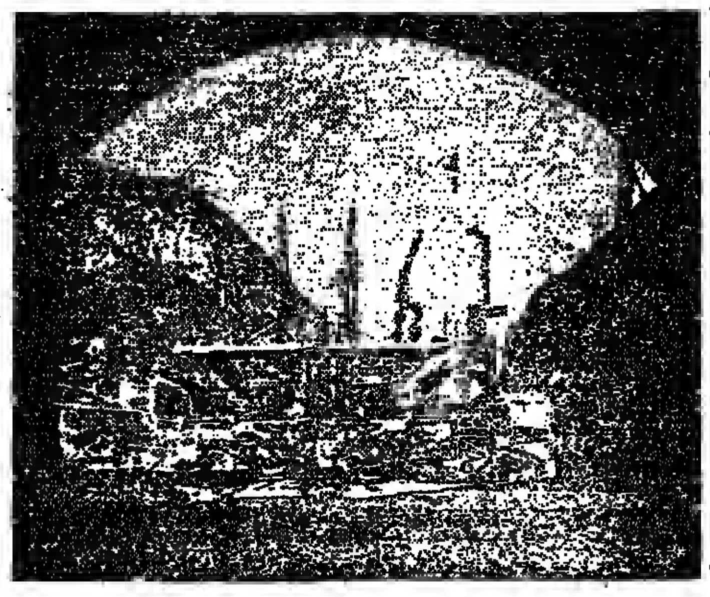
Apart from the financial savings involved in choosing asphalt, those responsible for the Gotthard project pointed ont that the protection the tunnel gives to road surface and the only slight temperature fluctuation underground mean it will have a much longer life than would otherwise be the case; no road-mending is expected to be necessary in the next ten years. The surface will also stay dry, due to an excellent drainage layer.

Furthermore the Ticines reported bad experience with concrate due to the surface rub*bing smooth and having to be* specially roughened up. Not even the reflection factor is seen as important, since asphalt tends to become lighter and concrete more *dark* over a *short* space of years.

THE NEW ST. GOTTHARD TUNNEL III

HISTORIC DEVELOPMENTS

13th century: Opening up of the first St. Gotthard Pass as a link between the Upper Rhenish and Po plains.
1830: Completion of the St. Gotthard Pass road.
1882: Completion of the Göschenen-Airolo rail tunnel.
1960: Swiss Parliament approves national motorway programme.
1965: Parliament approves plan to build Gotthard road tunnel as section of N2 motorway.
May, 1969: Contracts awarded to two Swiss building consortia.
Autumn, 1969: Work on tunnel begins. (Official inauguration of work in May, 1970.)
March, 1976: Penetration of safety passage.
December, 1976: Penetration in main tunnel tube.
February, 1977: Completion of tunnelling work.
April, 1978: Completion of "hare" building work.
September, 1980: Opening of road tunnel.



An engraving, left, shows work on the roil tunnel in 1875. Right: a modern "drilling jumbo" during construction at the north entrance of the new road tunnel.

Important gateway to the Ticino

THE OPENING of the Gotthard road tunnel is a very important event for the Ticino, Switzerland's Italian-speaking canton in the south. The Ticinese have always been at a disadvantage from being on the "wrong side" of the Alps from the rest of the country. The existence of a motorway section between Göschenen and Airolo, under the pass, does a great deal to pnt this right.

The isolated situation of the Ticino was a major consideration ln the original decision to lay the tunnel. An all-weather link between all parts of the country is a long-standing aim of Swiss transport policy.

The Gotthard Pass, already carrying up to 20,000 vehicles a day hy the early '60s, is regularly closed by snow between October or Novemher and May. The alternative has heen to load vehicles on to flatbacks for ferrying through the rail tunnel, a system with obvious capacity limits on a high-frequency route.

The accessibility of the Ticino was improved hy the building of the San Bernardino road tunnel as part of the N13 motorway from eastern Switzerland to Bellinzona. But this route is definitely out of the way for the bulk of national and international traffic, quite apart from the substantial gap in the motorway at the difficult terrain south of Coire.

The Lukmanier Pass, closed for a good four months of the year, is no alternative, and the Simplon route means crossing a hroad spur of Italian territory hefore re-entering Switzerland west of Locarno.

Communications to and from the southern canton will thus become much better as of today. There will he considerahle savings for the national economy and for the private traveller from the avoidance of a 6,900-foot pass or a SwFr 30 rail-shuttle fare. There will also be a real boost for the tourist industry, one of the pillars of the Ticinese economy.

The most obvious advantage will be the increased speed and comfort with which German-speaking Swiss can cross the Alps. With the new tunnel, the trip between Lucerne and Bellinzona will take only 1½ to 2 hours, that from Zurich not much longer. This means that more people can he expected to spend a weekend in the Ticino, which is generally warmer than the northern cantons, and possibly to huy or rent holiday homes there.

While the southern parts of the canton around the Lake of Lugano and the Lago Maggiore will remain the main tourist attraction, the less-developed Leventina area in the north along the upper reaches of the River Ticino conld benefit—not least by holiday-home custom. Airolo, and the Cari winter-sports area there, are thinking of advertising in central Switzerland.

Domestic custom is of prime importance to Ticinese tourism. Unlike many other Swiss resort areas, lt is frequented more hy the Swiss themselves than by foreigners. Nevertheless, foreign visitors hring a lot of money ioto the Ticino, particularly those from Germany and Holland.

Apart from hotel accommodation, which provided 1.36m bed-nights for foreign tourists last year, there is a large-scale use of holiday opartmeots, private rooms, and camping sites.

The tunnel could belp to promote the flow of foreign tourists. The southern canton has hecome easier and cheaper to reach. Indeed, Ticinese resorts are today close enough to South German urhan centres to attract a certain amount of long weekend traffic.

In a north-south direction there is expected to he a certain amount of extra private traffie from nearby Italy generated hy the Gotthard tunnel itself as a tourist attraction.

As with other parts of Switzerland, the Ticino has lost a lot of foreign business in the tourist sector in recent years, largely due to the strength of tthe Swiss franc. In fact, prospects were beginning to improve again, even before the opening of the tunnel. In the first five months of 1980, Ticinese hoteliers rejoiced in a 29.4 per ceot rise in the number of foreigner bed-nights in comparison with January-May, 1979. Together with an improvement ln Swiss custom by 13.2 per cent, this meant an overall 20.5 per cent improvement in business.

More visitors

Visitors from Britain to the Ticino were up in the same period by no less than 48.2 per cent in terms of accommodation nights, this after years of decline.

The combined results of a more stable Swiss-franc rate and the new trans-Alpine link are not likely to mean that the region will he over-run. Transport experts point out the capacity limitations of the two-lane tunnel. The Gotthard ronte will not he ahle to take any more traffic than that under the San Bernardino. Also, the Ticino has plenty of spare accommodation for most of the time. In 1979, hotel-bed occupation rate was of an average 39 per cent.

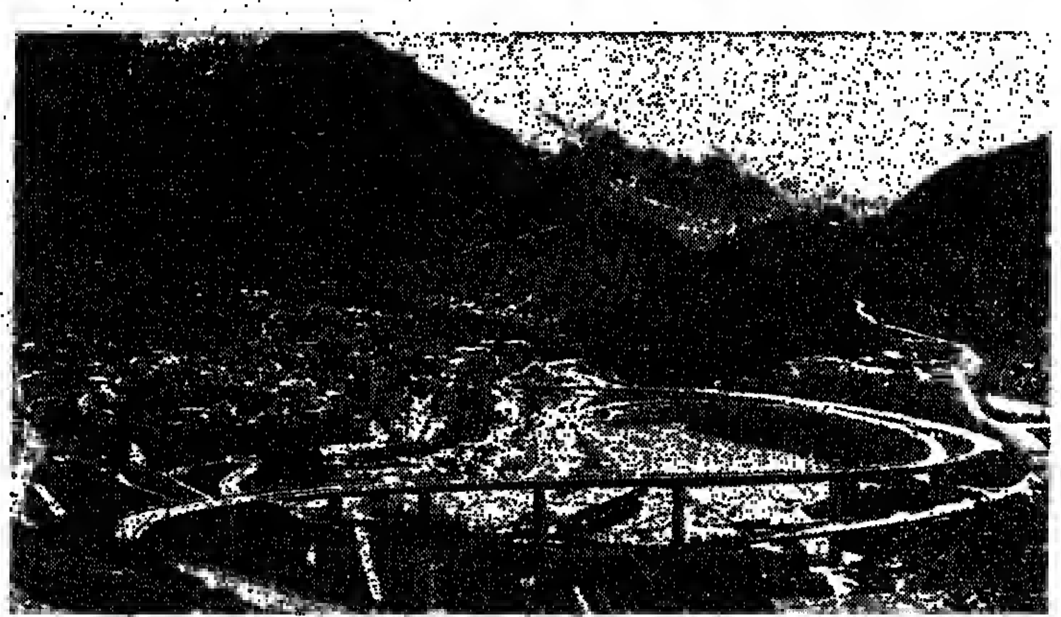
For the large volume of transit flowing through the Gotthard, the Ticino will have to try to draw custom off the motorway. The easing of the north-south axis will, in some cases, mean less business for hotels, hoarding houses and restaurants—a German tourist can now even do the cross-Switzerland trip from Basle to Chiasso without stopping to eat.

Airolo, just to the south of the tunnel, could initially lose some car and coach customers, as could other towns and villages heing successively by-passed as the N2 and N13 motorways are completed. Less traffic might also now use the San Bernardino route.

To help counter this, the Ticinese are planning to distribute tourist information at motorway service stations, ratber in the same way as the little canton of Uri to the north of the Gotthard.

At the same time, the cantonal tourist authorities are approaching coach operators in the Grand Tour field, such as those organising comprehensive trips around the Continent for South and North American visitors.

Not everyone, incidentally, is happy about the scrapping of the rail shuttle for private cars under the Gotthard. Some hotel-keepers have reported that elderly clients would prefer the flat-hack ferry to the long drive of more than 10 miles through the road tunnel. They obviously trust the train driver more than fellow road-users.



Airolo, just to the south of the tunnel, in the Italian-speaking canton of the Ticino

A mixed blessing for the canton of Uri

NOT EVERYONE welcomes the opening of the Gothard tunnel. For the canton of Uri, to the north of the pass, it comes as very much of a mixed hlessing. While its village streets will become much quieter and less congested, the N2 motorway leading up to and through the tunnel will draw off a great deal of important custom. Most cars will drive through Uri in less than half-an-hour—and without using the services of local shops, filling stations, hotels or private lodging either side of the road.

The canton is not particularly well-to-do—its income pec capita is 20 per cent below that for Switzerland as a whole, and its economy will definitely feel the loss of husiness along the old Gotthard route. Rather than sitting down to lament cruel fate, though, Uri has launched a number of self-help measures to win the tourists hack again.

The most interesting move here is the attempt to tap the transit traffic on the motorway itself. The new roadside services complex known as the "Gotthard-Raststätte" on the N2 between Erstfeld and Scattdorf, ahout 16 miles north of the tunnel, provides the means to this end. Opened in May of this year, the SwFr 10m project is very much a local effort. The filling stations were built hy a group of garages in the canton, while Uri hotel and restaurant owners got together to run the catering side; the overall concession is held jointly by the two organisations.

Apart from providing restaurants and petrol pumps on both sides of the motorway, the service station incorporates "Information Uri." This consists of two puhlicity units (similar, but on a smaller scale to the "welcome centres" of certain American states), also one on either side of the road.

These units provide information on the canton and its tourlst facilities, with attendant staff giving personal advice, booking botel or boarding-house accommodation and changing currency. The importance attached to this service—where tourists can also obtain facts pamphlets on other parts of Central Switzerland to the north or the Ticino to the sonth —is sbown by the fact that the slte is now the official home of the Cantonal Tourist Board.

Prond people

At the same time, some travellers are boped to be won back to the old drive by the designation of the cantonal high road as a "Historic Route" from the Urnersee (the upper section of Lake Lueerne) right np into tbe mountains. The necessary "labelling" should be completed by early next year. Uri is very proud of its past, baving been the scene of the first Swiss confederates' oath-taking in 1291 and—rather less historically, perhaps—of much of tbe William Tell saga.

The canton is being realistic about its chances as a tourist centre. With only some 3,475 hotel beds, only some of which are avallaöle all the year round, and a total resident population of 33,700, Uri is hardly about to become a major boliday area.

For centuries, the canton has been a staging post on the main north-sonth axis and the aim is still primarily to attract passers-through for a night or a meal. The major potential bere lies with the Germans and other northern holiday-makers on their way to and from Italian resorts.

The anthorities realise, too, that not many tourists will leave the N2 there and then to sample the food, accommodation, shops and swimming pool facilities to the left and right of the autobahn. Even fewer visitors are likely to decide on impulse to spend a holiday in Uri. But the chances are hetter of sttracting outward-boımd tourists to visit the canton on their journey home.

Pleasant area

In the longer term, though, Uri does hope to win more substantial custom. The canton has become easier to reach with the opening of the Gotthard route and the approaching completion of the Seelisberg tunnel, for Swiss as well as for foreign tourists, and ls undeniahly a very pleasant area for a holiday.

The resorts on or near the lake like Flüelen, Altdorf or Bauen already attract plenty of summer visitors. Andermatt (on top of the Gotthard, above the tunnel) is open for business in summer and winter, and there are a number of smaller winter-sports centres open in the season.

Theme holidays are also a future opportunity for Uri. Future programmes are intended to include hiking, farm, alp or even angling vacations.

Self-help is likely to remain tbe key to Uri's tourist pollcy. The canton itself is investing money in the attempt to draw drivers off the motorway: aoart from putting SwFr 250,000 into the "Gotthard-Raststätte," it is prepared to match one-for-one iocome from a new lodging tax of 30 centimes per bednight foreseen by a new economic development law. This law must first, bowever, be passed in a cantonal referendum, during the autumn.

Snpport is also provided by the Central Swiss Tourist Office in Lucerne, of which the Uri body is a member, and by thc Swiss National Tourist Office. The cantonal tourist organisation may now be able to step up its publicity outside the canton—which hitherto consisted largely of the distribution of pamphlets through the SNTO—particularly if the bed-night levy and its Governmental matching are accepted.

LOMBARD

Strikers as heroes

BY BRIAN GROOM

FEW WORLD events of recent years have given such widespread pleasure in Britain as the winning by Polish workers of the right to organise independent trade unions. And there is a further, if comparatively minor, gain for ourselves: we have seen the easy labels—loaded with significance but lacking in precision—so often applied in Britain to politics and industrial relations thoroughly confounded.

Though most have delighted in the Poles' victory, many interpretations of its significance for Britain have split along familiar lines. For many on the Right, it has been a straightforward blow against Communism. The Left, apart from a small number loyal to the Moscow line, has generally welcomed the strikes as the expression of a genuine workers' movement but has accused the Right of hypocrisy for cheering abroad the kind of working class obstreperousness it would condemn at home.

Meaningless

Matters political and industrial in Britain are so often described as a battle of adversaries—Left v Right, militants v moderates, Benn v Callaghan, Callaghan v Thatcher, Prior v Thatcher—that we seem determined to live up to our own over-simplifications. But who in Poland is on the Left and who is on the Right? The events there so defy our easy classifications that those terms would be meaningless.

Not that this has prevented the Polish strikes from being described in the vocabulary of our own "winters of discontent." Militants, moderates, activists, industrial clout, political strikes, wildcat strikes — they have all been bandied about in recent weeks. The only difference is, to adapt Samuel Brittan's classifications, "hurrah" words have become "boo" words and "boo" words have become "hurrah" words, and the baby beats the nurse and quite athwart goes all decorum.

The Daily Mail, which does not have a ready set of "hurrah" words to describe mass strikes, curiously found itself adapting the class war vocabulary of the Morning Star: "Kuron, the tough 46-year-old general of a huge workers' army, scorns the use of force in his war with the regime."

Conservatives and hard-liners are in Poland one and the same, whereas in Britain the latter is often a term of disapprobation describing those right at the opposite end of the political spectrum from the former. And what, in heaven's name, is a "wildcat strike" in the Polish context? It implies the existence of a strike which is not "wildcat," i.e. an "official strike," which in Eastern Europe would be a mind-boggling concept.

Noam Chomsky held that a necessary condition for a language was that it should generate an infinite set of sentences. The small number of options apparently available to describe political and industrial events leads one to fear we are in what has been described as a "sub-linguistic world of creed and orthodoxy." But although it is depressing to see our limited vocabulary attempt to cope with situations it is ill-equipped to describe, it is also paradoxically heartening that the desperate scramble to attach new meaning to old labels reveals malfunctions in the weaponry of our prejudices.

And if we think we have language problems, they are nothing compared with those which face the Poles. Mr. Leszek Walesa, the Gdansk strike leader, is reported to have said (in English translation) that the strike had shown that "Poles could find a common language with each other without resorting to force." He was speaking metaphorically, but a common language is precisely what the Poles still lack.

Contradiction

Mr. Mieczyslaw Jagielski, a Deputy Premier, said there were "no winners and no losers." What nonsense, particularly coming from a leadership which earlier declared through the party newspaper that free unions would mean "a de facto political movement absorbing and proclaiming conceptions contradicting the socialist system and order." Until the precise nature of events is admitted in official language, the Poles will never have a firm grasp of their freedoms. And the Russians, for whom strikes are still "interruptions in the rhythm of work," are even less fortunate.

Bilston pins hopes on small companies

BY LORNE BARLING

THE IMMINENT final closure of the Bilston steel works at Wolverhampton, yet another example of recession in the Midlands, will bring to an end more than 200 years of iron and steel making and processing on the site.

At a time when thousands of jobs in the area are being lost, the 450 people being put out of work at Bilston may seem insignificant, particularly since the end had been widely accepted as inevitable. But its effect on morale in the area has been extremely severe, coming as it does after years of investment in steelmaking at Bilston (much of it in the 1960s).

Bad news has recently become so commonplace that the Government decision not to create a new enterprise zone in Bilston, for the time being at least, was accepted by many without anger.

In its heyday, the steel works employed 3,000 people and played a major part in the war effort. Bilston Works was heavily involved in the famous Pipe Line Under the Ocean (PLUTO) project in support of the D-Day landings, and in the post-war period had some of the most modern equipment in Europe.

But following nationalisation in 1967 decline set in, culminating in the end of actual iron and steel production in May last year with the loss of 1,700 jobs, and now its closure as a billet-making facility.

One in ten people in Wolverhampton is now unemployed, and even the supposedly stable industrial strongholds such as the Goodyear factory, where 4,000 people work, have been shaken by the decline of the UK motor industry. Around

AROUND BRITAIN

WOLVERHAMPTON

1,000 jobs have been lost in the past year due to falling demand for tyres.

Overall, no fewer than 20,000 jobs in Wolverhampton have disappeared since 1969, and much of this decline has been in relatively skilled engineering work as well as in the so-called "metal-bashing" industries.

The companies or plants belonging to major manufacturers which have closed include many household names such as Ever Ready and GKN, whose ill-fated plastics factory was originally seen as a "new technology" industry. Some 600 jobs were lost when it closed.

Those left with the task of attracting new industry to the area are near to cynicism, viewing what is left of Bilston as "230 acres of dereliction." Trying to compete with well-endowed cities such as Bristol or Exeter, for example, in attracting the new wave of electronics companies, is proving virtually impossible. Few middle-class electronics executives favour Wolverhampton.

One major problem is that Wolverhampton has neither environmental attractions nor financial incentives with which to attract industrial investment, and its motorway communications, though adequate, are not a major selling point. "We do not have the right image," says the council's industrial development office, "and the media have made the area seem unattractive."

One quality which remains in evidence, misguidedly or otherwise, is enthusiasm to start small companies. Most of these are small engineering concerns, often initiated by skilled men who have been made redundant or those who have waited for years to set up on their own. Some of them prosper and grow, but almost always through supplying components to larger companies in Birmingham or elsewhere in the Midlands.

Despite the general atmosphere of gloom, the trend to start new businesses is common in the Midlands, and is reflected in the high numbers of people attending seminars on the subject at the Birmingham Chamber of Commerce.

Although these new enterprises are generally welcomed and are supported by the large pool of skilled labour in Wolverhampton, the number of "new technology" activities on which so many place their hopes, is limited.

The few electronics companies in the area are inevitably, also dependent on bigger concerns, notably Dowty, the aircraft and mining equipment group, which is currently enjoying good demand for aerospace products.

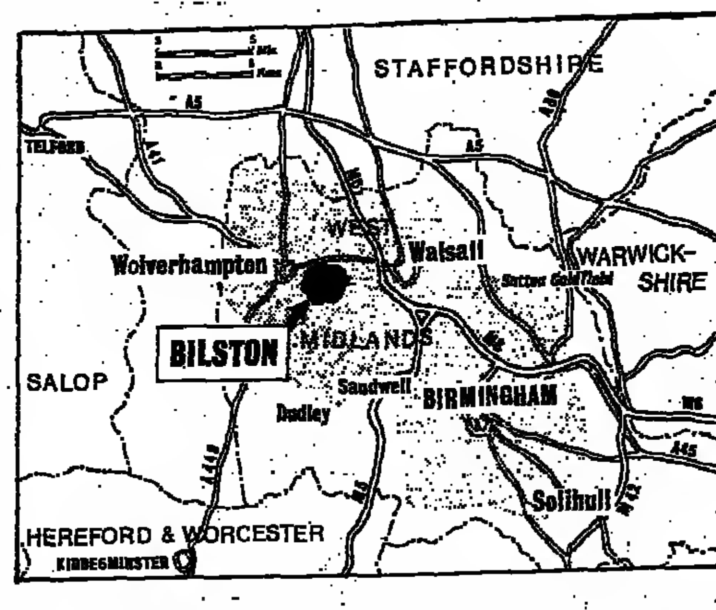
Theoretically, an enterprise zone in the Wolverhampton area should be a heaven-sent opportunity for new companies to get off the ground, since most of the small business sector in the area is suffering severely from cash-flow problems.

This is due partly to high interest rates, and to the slowness of major companies in settling their accounts, thereby passing their own problems on to their weaker suppliers. But Wolverhampton people are both resourceful and resilient, having survived crises in the past.

In the circumstances, their response to a 43 per cent increase in the business rates imposed in April was fairly mild, although the worst of the recession had not yet struck. There is now considerable anger, since the higher rates cannot be recovered through increased prices in depressed market conditions.

Although many applaud the Labour-controlled council's good intentions in trying to maintain the level of service in the area, some wonder if it is worth doing at the expense of jobs and the closure of small businesses.

The Government's belief that enterprise zones will provide a seed-bed for small companies to thrive and grow into larger businesses is supported in Wolverhampton.



But in the short term nothing is going to replace Bilston, or restore the Midlands motor industry to its former glory. Small companies are being encouraged by organisations such as the CBI to diversify, and to produce their own products rather than parts of others, but most are hard-pressed even to pay their way, let alone invest in new equipment.

Many business leaders in the area believe that Bilston will be named as an enterprise zone eventually, and that it will help, but there is too much pessimism locally for many people to believe it will do more than that.

Houghton runners look good

RACING

BY DOMINIC WIGAN

WITH A strike rate of 20 per cent at Haydock, Fulke Johnson Houghton's Didcot runners are always worth watching on the Lancashire course and today's Blueberry representatives look no exception.

I expect to see three trained by Houghton — Super Run, Favourite Niece and Moto—all going well.

After yesterday's final declaration only 19 from 72 entries had stood their ground for the Birkenhead Maiden Stakes. But Super Run and Favourite Niece were among those remaining and it will be interesting to see which stable jockey John Reid elects to ride.

My best news concerns Favourite Niece, who makes her racecourse debut for Lord Leverhulme.

Moto, the stable's representative in the closing event, the St. Anne's Nursery, has been coming on steadily throughout the summer. Last time out this tough juvenile gained a well deserved first success when landing the valuable Wood Pit Superior Selling Stakes over today's six-furlong course and distance.

Although raised in class, Moto—bought in for 4,200 guineas following that success—can complete the double off a lenient mark near the foot of the handicap.

There are few more accomplished 7 lb claimers riding than Nick Carlisle, and the young apprentice attached to Reg Hollinshead can underline the point with the help of Twixt' Tween in the Claude Harrison Memorial Challenge Trophy.

Carlisle is able to make full use of his allowance here, reducing Twixt' Tween's weight to just 7 st 3 lbs.

It was sad to learn yesterday that Tolmi—generally considered to be this season's fastest juvenile—will be out for the remainder of the campaign. Tolmi has badly jarred her off fore joint and those who have backed her at about 8—1 for next season's 1,000 Guineas must be more than worried.

HAYDOCK

2.15—Favourite Niece***
3.15—Twixt' Tween
4.15—Cavalier
4.45—Moto

KEMPTON

2.00—Kiss the Clowns
2.30—Scarcity
3.00—Neltino
3.30—Mickey Tim
4.00—Varuna**
4.30—Royal Manx*

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Ton't. 7.30: The Damnation of Faust. Tomor. & Tues. 7.30: The Coronation of Poppea. Wed. 7.30: Fidelio. Thurs. 7.30: Count Ory. 104 balcony seats avail. from 10 am on day of perf.

THEATRES

ADELPHI. CC. 01-836 7611. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats Thurs at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS & ANNA NEAGLE in MY FAIR LADY. Group bookings ring 01-836 7358 or 01-379 6061.

ALBERY. S. From 8 am 01-836 3878. CC 379 6565. Group bkgs. 836 3962 or 379 6061. Air cond. Evs. 7.45. Mats. Thurs. and Sat. 4. OLIVER! CHILD HALF-PRICE. RECORD RUN ENDS 20 SEPTEMBER.

ALBERY. From 28 Sept. Eves. 8. Thurs. mat. 4.30. Sat. 5 & 8.15. Sian Phillips. Denis Lawson. Niall Moon production Rodgers & Hart's PAL JOEY.

ALDWYCH. S. 836 6404. CC. 379 6233. (10-6, Sats. 10-4). Info. 836 5332. Fully air cond. ROYAL SHAKESPEARE COMPANY. Ton't. 8.30, Tomor. 2.00 & 7.30. From Stratford-upon-Avon. OTHELLO. Seats available tonight. In rep with TWELFTH NIGHT (next perf. 12 Sept.) RSC also at The Warehouse and Piccadilly Theatres.

AMBASSADORS TH. S. 836 1711. CC 379 6565. Eves. 8. Fri. & Sat. 6.00 & 8.45 sharp. HAROLD PINTER'S THE HOTHOUSE.

APOLLO. S. CC. 01-437 2663. Grp. sales 379 6061. Evgs. 8.0. Wed. 3.0. Sat. 5.0 and 8.0. ROONEY BOWES, FRANCIS MATTHEWS in MIDDLE AGE SPREAD. Comedy of the Year West End Theatre Awards.

CAMBRIDGE. 01-836 6056. Credit cards accepted 01-836 7040. Mon.-Fri. 8.00. Thurs. 3.00. Sat. 5.00 & 8.30. LAST 3 WEEKS. MUST END SEPT. 20. CHICAGO. ELIZABETH SEAL, JACQUIE TOYE, COLIN BENNETT, HOPE JACKMAN, BRIAN HEWLETT, LYNETTE BENTLEY. Anti-Inflation policy! Seats at £1.50, £2.50, £4.00 in stalls and Royal Circle. Group sales 379 6061 & 836 6056. Student Nurses, OAPs Standby £1.50. JOAN COLLINS HOTLINE 240 5879. West End debut Oct. 21. Book Now

CHICHESTER FESTIVAL THEATRE. 0243 781312. Season sponsored by Martini & Rossi Limited. OLD HEADS, YOUNG HEARTS Today, Tomor. (m.). MUCH ADO ABOUT NOTHING, Sat. Evs. 7. Mats. Thurs. and Sat. 2.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 9.00. Mat. Fri. and Sat. 6.30. THE ROCKY HORROR SHOW. Group sales Box Office 01-379 6061. Last 2 weeks. MUST END SEPT. 13.

COMEDY THEATRE. CC. 01-930 2578. Social discounts 20 or more, call Group sales box office 379 6061. Opens Sept. 24. Ltd. season. Book now. Reduced prices. Sept. 19, 20, 23 CLEO LAINE as COLETTE with Kenneth Nelson and John Mofatt. A story with music by John Dankworth.

CRITERION. 930 3216. CC. 379 6565. Group bkgs. 379 6061 or 836 3962. Eves. 8. Fri. and Sat. 6 and 8.45. Air conditioning. Robin Ray, Jonathan Adams, Martin Connor, Tricia George in TOMFOOLERY, the words and music and lyrics of TOM LEHRER.

DUCHESS TH. CC. 01-836 8243. Group sales 379 6061. Evs. 8.00. Sat. 5.30 and 8.30. Thurs. Mat. 3.00. MARIA AITKEN, MICHAEL JAYSTON in Noel Coward's PRIVATE LIVES.

DUKE OF YORK'S. S. CC. 836 5122. FRANCES de la TOUR, DAVID de KEYSER in DUET FOR ONE by Tom Kempinski. Previews from Sept. 16. OPENS Sept. 23.

FORTUNE. S. CC. 01-836 2238. Eves. 7.30. Wed. 2.30. Sat. 4.00 and 8.00. JAMES AUBREY and PATRICK MAGEE in Marlowe's Masterpiece DR. FAUSTUS. HURRY! LAST WEEKS. SEASON MUST END SEPT. 20.

FORTUNE. 01-836 2238. Prevs. from 25 Sept. 8.0. Sats. 6.0 & 9.0. Opens Sept. 30. EDWARD DUKE in JEEVES TAKES CHARGE by P. G. WODEHOUSE.

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. WILLIAM FRANKLYN in Ira Levin's DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Eves. 8. Mat. Wed. 3. Sats. 5 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in a new play by Peter Nichols. BORN IN THE GARDENS.

HAYMARKET. Theatre Royal. CC. 01-930 9832. Evgs. 7.45. Wed. 2.30. Sat. 4.30 and 8.00. LEONARD ROSSITER, PRUNELLA SCALES in MICHAEL FRAYNE'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE.

KING'S HEAD. 01-226 1916. Eves. Dnr. 7.0. Show 8.00. PACK UP ALL YOUR CARES & WOE with Bertice Reading.

LYRIC. S. CC. 01-437 3686. Evenings 8.0. Wed. 3.0. Sat. 5.30 & 8.30. DINSDALE LANDEN, NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

LYRIC HAMMERSMITH. CC. 01-741 2311. Evs. 7.30. Thur. Mat. 2.30. Sats. 4.30 & 8.15. John Gay's classic musical THE BEGGAR'S OPERA. Book now! LYRIC STUDIO Last perfs. Ton't 8.00. Tomor. 4.00 & 6.00. THE BOY'S OWN STORY Peter Flannery.

THEATRES

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Ton't 7.00, Tomor. 2.00 & 7.00 GALILEO by Bertolt Brecht, trans. by Howard Brenton. LYTTELTON (proscenium stage): Ton't. 7.45, Tomor. 3.00 & 7.45 (not 7.00 as in leaflet) and until 10 Sept. last performances NT's hugely successful DEATH OF A SALESMAN by Arthur Miller with "superb" performance by Warren Mitchell. COTTESLOE (small auditorium — all tkts. £3, students £1.20): Mon. to Sat. 8.00 LINE 'EM new play by Nigel Williams. Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park restaurant 928 2033. Credit card bkgs. 928 5933.

OLD VIC. 928 7616. CC. 261 1821. S. Ton't. to Tues. at 7.30. Peter O'Toole in MACBETH. Directed by Bryan Forbes. Wed. 7.00, Thur. 7.30, Bryan Marshall & Timothy West in LANCELOT AND GUINEVERE. TOAD Now bkg. 15 Dec. to 17 Jan.

OPEN AIR REGENT'S PARK. CC. S. 486 2431. Shaw's ANDROCLES AND THE LION. Ton't. 7.45, tomor, 2.30 & 7.45. Last perfs.

PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Public preview Sept. 16 7.30. Only 2 weeks to opening Sept. 17. Group sales Box Office 379 6061.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I. Also starring Virginia McKenna. HOTLINE 01-437 2055. Evgs. 7.30. Mat. Wed. and Sat. 2.15. Last 4 weeks. Final perf. Sept. 27.

PHOENIX. S. CC. 01-836 2294. Mon.-Sat. Evgs. 8.0. REG LIVERMORE in SACRED COW. A unique musical entertainment.

PICCADILLY. S. Air cond. 437 4506. CC. bkgs. 379 6565. Grp. bkgs. 836 3962. Mon. to Thur. 8. Fri. & Sat. 8 & 8.40. Stalls from £2.90. ROYAL SHAKESPEARE CO. in Willy Russell's new comedy. EDUCATING RITA. RSC also at Aldwych Warehouse.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mats. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales Box Office 379 6061. Seats available for matinee performances.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An evening with TOMMY STEELE and his company. Evgs. Mon., Thurs. 8.30. Fri. and Sat. 6.00 and 8.30. Book now.

QUEEN'S. CC. 01-734 1166. Evenings 8.00. Sat. 4.30 and 8.00. Tom Courtenay, Freddie Jones THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliott.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New thrills. 23rd sensational year. Fully air conditioned.

ROYAL COURT. S. 730 1745. CLOUD NINE by Caryl Churchill. Evgs. 8. Sat. 8.30. Mon. all seats £2.

SADLER'S WELLS THEATRE. EC1. Booking Office 837 1672-3856-7505. Evgs. 7.30. Mat. Sat. 2.50. MARCEL MARCEAU.

SAVOY THEATRE. 01-836 8888. Adv. Box Office now open. John Alderton, Pauline Collins in Charles Dyer's comedy RATTLE OF A SIMPLE MAN. Thurs. 18 Sept. at 7.00. Reduced price prevs. 16 & 17 at 8.00. Mon.-Thurs. at 8.00. Fri. and Sat. 5.45 & 8.45.

SAVOY THEATRE. 01-836 8888. CC. 836 8117. Mon.-Fri. (10-6). LESLIE PHILLIPS, DIANA COUPLAND, RONA ANDERSON in NOT NOW DARLING. Mon.-Thurs. 8.00. Fri. and Sat. 5.45 and 8.45. Red. price Fri. mat. Group bkgs. Tel. 01-630 3092.

SHAFTESBURY THEATRE. CC. 01-836 4255. Tickets £4 to £8. Opens Sept. 20. THEY'RE PLAYING OUR SONG. BOOK NOW. TOM CONTI and GEMMA CRAVEN in the musical by NEIL SIMON. Music by MARVIN HAMLISCH. Lyrics by CAROLE BAYER SAGER. Group bookings 01-839 3092.

SHAW THEATRE. 01-388 1394. National Youth Theatre present a new play by Leicester Y.T. VACUEES. Tonight & Tomor. 7.30.

ST. GEORGE'S THEATRE. Tufnell Park, N7. Tues. to Sat. 7.30. Wed. 2.30. Sat. 4.00. 24 Hour Booking 607 1128. BRIAN OULTON and JENNY OULTON in THE MERCHANT OF VENICE.

ST. MARTIN'S. CC. 836 1443. Eves. 8. Matinee Tues. at 2.45. Sat. 5 and 8. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 28th Year. Theatre is fully air conditioned.

STRAND. 01-836 2660. Evening 8.00. Mat. Thurs 3.00. Sat. 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davies.

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Tickets immediately available for RSC in ROMEO AND JULIET. Tonight. Sept. 11 (mat.), 13. AS YOU LIKE IT. Sept. 8, 16, 20 (mat.). HAMLET Sept. 9, 10, 11. Recorded booking info. (0789) 60101.

TALK OF THE TOWN. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREATEST NIGHT OUT. From 8 o'clock. Dining and dancing 9.30. SUPER REVUE BUBBLY and in cabaret at 11. ANNIE ANDERSON.

THEATRE ROYAL. Drury Lane. 836 8108. S. Denis Quilley, Sheila Hancock. SWEENEY TODD. Broadway Musical—winner of 8 Tony Awards. Evs. 7.30. Mat. Wed. & Sat. 2.30. Group sales Box Office 379 6061. Seats from £2.50.

VAUDEVILLE. S. CC. 01-836 9988. Group sales 379 6061. Air-conditioning. Eves. 8.00. Sats. 5.30 and 8.30. Wed. mat. 2.45. IAN OGILVY, SHEILA GISH, JAMES COSSINS in STAGE STRUCK. A new thriller by Simon Gray.

THEATRES

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Eves. 7.30. Mat. Wed. and Sat. 2.45. ANNIE. Group sales Box Office 379 6061.

WAREHOUSE. Donmar Theatre Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't, Tomorrow, Mon., Tues. 7.30 Brecht's BAAL. All seats £3.50. Students £2.00 in advance.

WHITEHALL THEATRE. 01-930 7765. CC. Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT! NO PYJAMAS. Featuring Men Only Magazine's Sensational Playmates of the Year. Eves. 8.30. Fri. Sat. 6.15 & 8.30.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. Air cond. S. 01-836 3028. CC. bkgs. 379 6565. Evgs. 8.00. Fri. and Sat. 6.00 & 8.40. Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Greatest 10th Birthday Sale — all seats £1.00. Ton't. & Tue. 7.30 Tom Stoppard's REAL INSPECTOR HOUND-AFTER MAGRITTE. Tomor. 8.00. Wed. 7.00 ROSENCRANTZ & GUILDENSTERN. Thur. 7.30 Poetry Recital by Adrian Henri, Roger McGough & Brian Patten.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. perfs. All seats bkble. 1: BREAKING GLASS (AA). Wk. & Sun. 1.45, 5.00, 8.00 (Last 6 days). 2: AIRPLANE! (A). Wk. & Sun. 2.00, 5.00, 8.15. Late show Sat. 11.15.

CLASSIC ENTERTAINMENT
Teledata 01-200 0200.

CLASSIC 1, 2, 3, 4, Chelsea King's Rd. 01-352 5096. Last performance bookable. 1: HARLEQUIN (X). Progs. 2.00, 5.20, 8.25. 2: ROUGH CUT (AA). Progs. 2.05, 5.00, 8.30. 3: THE SECRET POLICEMAN'S BALL (AA). Progs. 2.30, 5.20, 8.10. 4: LA CAGE AUX FOLLES (AA). Progs. 3.30, 6.25, 9.05.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: HARLEQUIN (X). Progs. 1.10 (not Sun.), 3.30, 5.50, 8.15. 2: THE BLACK STALLION (A). Progs. 1.00 (not Sun.), 3.20, 5.55, 8.25. 3: CAN'T STOP THE MUSIC (A). In Dolby Stereo. Progs. 1.40 (Sun. from 2.30), 4.40, 7.45.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). Fully air conditioned. 1: McVICAR (X) in Dolby Stereo. Progs. 1.10, 3.30, 5.55, 8.25. 2: BREAKING GLASS (AA) in Dolby Stereo. Progs. 1.10, 3.30, 5.55, 8.20. 3: ROUGH CUT (AA). Progs. 1.15, 3.35, 6.00, 8.25. 4: AIRPLANE! (A). Progs. 1.00, 3.15, 5.35, 8.00. 5: THE LORD OF THE RINGS (A). Sep. perfs. 2.00, 5.00, 8.00.

CLASSIC. Leicester Square. 01-930 6915. HARLEQUIN (X). 2.15, 5.40, 9.05. THE KLANSMAN (X). 12.30 (not Sun.) 3.50, 7.15.

CURZON. Curzon Street. W1. 499 3737. Bertrand Tavernier's UNE SEMAINE DE VACANCES (AA). (English sub-titles.) Progs. 2.00 (not Sun.), 4.05, 6.20, 8.40.

DOMINION. Tott. Court Rd. (580 9562). THE EMPIRE STRIKES BACK (U). Cont. Progs. 1.35, 4.35, 7.40.

GATE MAYFAIR. 439 2031. MAYFAIR HOTEL. Stratton St., Green Pk. Tube. Advance booking. THE CONSEQUENCE (X). Progs. 5.45, 7.30, 9.15.

ODEON HAYMARKET. (930 2738-2771). ROY SCHEIDER in a BOB FOSSE Film ALL THAT JAZZ (X). Sep. Progs Dly at 1.30, 4.40, 8.00. Late night show Thurs, Fri & Sat 11.20.

ODEON LEICESTER SQUARE (930 6111). Neil Simon's CHAPTER TWO (A). Sep. progs dly drs open 1.00, 4.15, 7.30. Late night show Fri & Sat drs open 11.15.

ODEON MARBLE ARCH W2 (723 2011-2). THE EMPIRE STRIKES BACK (U). Sep. progs. drs. open daily. 2.30, 5.45. Evening programmes & weekends may be booked in advance.

STUDIO 3. Oxford Circus. 437 3300. Lic'd Bar. THE DEER HUNTER (X). 12.45, 4.05, 7.30. Late show Sat. 10.50.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE. 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight & 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

ART GALLERIES

LEFEVRE GALLERY. 30, Bruton St., W1. 01-493 1572-3. 19th- and 20th-Century Paintings and Watercolours on view. Mon.-Fri. 10-5.

MALL GALLERIES. The Mall, SW1. Paintings by George Large, Gaston Pierre Galey, Henry Cheffer and Fernand Lantoine. Mon.-Fri. 10-5. Sat. 10-1. Until Sept. 8. Adm. Free.

MATHAF GALLERY. 24, Motcomb Street, London, SW1. 235 0010. Retrospective exhibition of watercolours by A. S. Lamplough. 1st to 15th September.

THACKERAY GALLERY. 18, Thackeray St., Kensington Sq., W.8. 937 5883. SUMMER EXHIBITION—PART II. Until 20 September.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 1.30 pm Bod. 1.45 News. 3.40 Dechrau Canu. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Buford Files and Dinky Dog. 5.05 All Our Own Work. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It's a Knockout.
8.20 Terry and June.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Living Legends (London and South East only).
10.45 Regional, National News.
10.50 Athletics from Crystal Palace.
†11.30 The Late Film: "The Outsider," starring Tony Curtis.

All Regions as BBC-1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Dan Draed. 4.45-5.05 Pippi Hosanhir. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Ddeng Mlynedd Yn Ol—Nen Fwy. 7.55-8.20 Angels. 10.15 Valentine's Night. 11.05-11.06 News for Wales. †11.06-12.21 am The Late Film: "Sing As We Go," starring Gracie Fields.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Gardeners' Roadshow visits Auchterarder, Perthshire. 10.45-10.50 News for Scotland; National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Picture in Question. 10.45-10.50 News for Northern Ireland; National News. 1.20 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) Dennis McCarthy's Weekly Echo; North (Leeds) Direct Line; North East (Newcastle) Bottles; North West (Manchester) Country Concerns; South (Southampton) More Ways Than One; South West (Plymouth) Our Isaac; West (Bristol) Public Life—at the Conferences.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
11.25-12.30 pm Trades Union Congress from Brighton.
4.50 Open University.
6.55 Gardeners' World.
7.20 Mid-Evening News.
7.35 "Midnight Lace," starring Doris Day.
9.20 Premiere: "Weekend."
9.50 Ronnie Prophet Entertains.
10.20 Leap in the Dark.
10.50 Newsnight.
†11.30 The Outer Limits.

LONDON

9.30 am Rocket Robin Hood. 9.50 Nature of Things. 10.40 Story Hour. 11.30 The White Stone. 11.55 Beany and Cecil. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home-made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 Golf: Third European Open Championship from Walton Heath. 4.15 Follow Me. 4.45 Runaround. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 The Incredible Hulk.
8.30 Holding the Fort.
9.00 The Gentle Touch.
10.00 News.
10.30 Benson.
11.00 Seven Ages.
11.45 Golf—Third European Open Championship.
12.15 am Close, with Garth Hewitt.

All IBA Regions as London, except at the following times:—

ANGLIA

9.35 am The Adventure World of Sir Edmund Hillary. 10.00 Cartoon Time. 10.10 Stars on Ice. 10.40 Clapperboard. 11.05 Call it Macaroni. 11.30 History of the Motor Car. 11.55 Cartoon Time. 1.20 pm Anglia News. 6.00 About Anglia. 10.30 Speedway. 11.00 Golf (highlights of today's play at Walton Heath). 11.30 Soap.

ATV

9.35 am Something Different. 9.50 The Masterbuilders. 10.20 The Galway Way. 11.05 Kidsworld. 11.30 The Human Face of China. 1.20 pm ATV News. 5.15 Laverne and Shirley. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 Golf. 11.30 ATV News. 11.35 The Best of British: "The Man Upstairs," starring Richard Attenborough.

BORDER

9.35 am Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. †10.40 Morning Matinee: "The Frozen Limits," starring the Crazy Gang. 1.20 pm Border News. 5.15 Anna and the King. 6.00 Lookaround Friday. 6.30 Superstar Profile. 7.30 A Man Called Sloane. 10.30 Look Who's Talking. 11.00 Golf. 11.30 Vegas. 12.30 am Border News Summary.

GRAMPIAN

9.25 am First Thing. 9.30 Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Fireside Theatre. 11.30 The Beatles. 1.20 pm North News. 6.00 North News. 6.10 Flair. 6.30 Thingummyjig. 10.30 The Export Scotch. 11.05 Golf Highlights. 11.30 Reflections. 11.35 The New Avengers. 12.30 am North Headlines and Road Report.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 6.30 What's On Where. 6.35 Horses in our Blood. 7.30 Have Girls will Travel. 10.28 Channel Late News. 10.34 Song and Dance. 11.00 Golf Highlights. 11.30 Musical Special (Blood, Sweat and Tears). 12.25 am News and Weather in French.

GRANADA

9.30 am The Challenging Sea. 9.55 Tarzan. 10.40 Spiderman. 11.00 Sesame Street. 1.20 pm Granada Reports. 5.15 Mr and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Soap. 11.00 Golf. 11.30 The Continental: Vittorio Gassman in "Virginity."

HTV

9.30 am Survival. 9.55 Animated Classics. 10.35 Bailey's Bird. 11.00 Sesame Street. 1.20 pm HTV News. 5.15 Spiderman. 6.00 Report West. 6.30 WKRP in Cincinnati. 7.30 Tenspeed and Brown Shoe. 10.28 HTV News. 10.30 The Good Neighbour Show. 11.00 Golf. 11.30 Chopper Squad.

HTV CYMRU/WALES—As HTV West/HTV General Service except: 11.55 am-12.10 pm Cai Cocos. 4.15-4.45 Y Car O'r Cychwyn. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Enterprise.

SCOTTISH

9.30 am The Story of Wine. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Flight of the Snows. 11.05 Bindle—One of Them Days. 1.20 pm News and Road and Weather. 5.15 Mork and Mindy. 6.00 Scotland Today. 6.45 Hear Here. 7.30 Summer Royal. 10.30 Night of the Screamish: "The Curse of the Crimson Altar." 12.00 Late Call. 12.10 am Golf Highlights.

SOUTHERN

9.30 am Wild, Wild World of Animals. 9.55 The Remarkable Rocket. 10.20 Tenderns. 11.10 Chopper Squad. 1.20 pm Southern News. 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Tell Me Another. 11.00 Golf Highlights. †11.30 "The Enforcer," starring Humphrey Bogart.

TYNE TEES

9.20 am The Good Word, followed by North East News. 9.30 Hands. 9.55 Chopper Squad. 10.40 Friends of Man. 11.05 Animated Classics. 1.20 pm North East News and Lookaround. 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.25 Northern Life. 10.30 North East News. 10.32 Film of the Week: "Good Against Evil." 12.30 am Countryside Christian.

ULSTER

9.30 am Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Cartoon Time. 11.00 Sesame Street. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Anna and the King. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.00 Golf Highlights. 11.30 Fireside Theatre. 12.25 am Bedtime.

WESTWARD

9.30 am Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Sesame Street. 11.40 The Beatles. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Have Girls will Travel. 10.31 Westward Late News. 10.34 Song and Dance. 11.00 Golf Highlights. 11.30 Musical Special (Blood, Sweat and Tears). 12.25 am Faith for Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am World we Live in. 9.55 The Nature of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubbles. 1.20 pm Calendar News. 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Charlie's Angels. 10.30 Soap. 11.00 Golf Highlights. 11.30 The Friday Night Film: "The Secret Night Caller."

RADIO 1

(S) Stereophonic Broadcast
‡ Medium Wave only
(B) Binaural Broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1: 1971. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02 The Friday Rock Show (S). 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Ray Moore (S). 10.05 Jimmy Young (S). 12.05 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 8.03 John Dunn (S). 8.02 Jim Macleod and his Band at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Dad's Army. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.10 Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Gerald Finzi (S). 10.05 Piano Recital (S). 11.00 Edinburgh International Festival: Part 1 (S). 11.40 Festival Comment. 11.55 Festival, part 2 (S). 1.00 pm News. 1.05 BBC Symphony Orchestra (S). 2.00 Comparing Notes (S). 3.00 Music for Viola and Piano (S). 3.30 Youth Orchestras of the World (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Monteverdi Madrigals (S). 7.15 One Pair of Ears. 7.30 Proms Concert: Part 1, Schubert, Haydn (S). 8.20 Poetry Now. 8.40 Proms Concert: Part 2, Janacek, Haydn (S). 9.40 Flicker in Retrospect. 10.00 Arturo Benedetti Michelangeli (S). 10.15 Misfortune (short story by Chekov). 11.00 News. 11.05-11.15 Gesualdo (S).

VHF ONLY—Open University: 6.00-7.00 am and 6.20-7.00 pm, and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.45 Young Gemini (S). 6.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs with Renato Scotto. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Symphony of the Oceans (S). 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Faraway Food. 4.40 Preview. 4.45 Short Story. 5.00 PM. News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 He Rode upon a Razor (S/B). 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Walls on . . . . 11.45 Friday Treat. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 RSA Lecture. 4.30 City Week. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,366

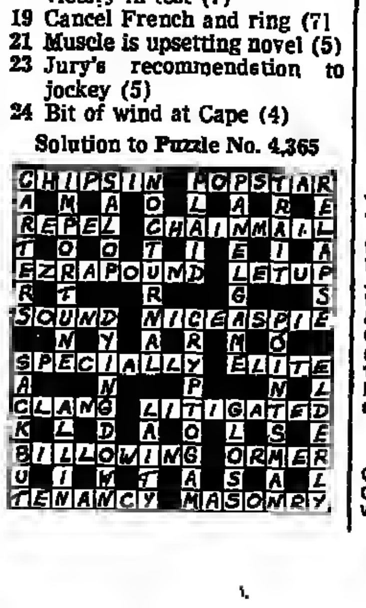
ACROSS

1 Carries on poster cost of labour (5, 4)
6 Weapon by degrees backing soldiers (5)
9 Another role's vanquished (5)
10 Present one loch with convenience (9)
11 Describing casual students hissing a mystery lesson is one (10)
12 Worry one kind of saw (4)
14 Protagonist's flutter from the wings (4-3)
15 Sound of headlong fall by precious diver (7)
17 Most of month bed bears fruit (7)
19 I'm slain disturbing fauna (7)
20 Wound going spare (4)
22 Engage bookmaker as advertising board's producer (4, 6)
25 Heavyweights have spoken about one from the barber (9)
26 Food item given mark of 6 as well as (5)
27 Line on article on tree (5)
28 Lie-abed behind high flier (4, 5)

DOWN

1 Heard laments in country (5)
2 Cut senior fuel store (3, 6)
3 Recoil at return of psychiatrist (6, 4)
4 Fashionable female has it to receive willingly (7)
5 Connects course in the saddle (5, 2)
6 Break producer at Lord's (4)
7 Dim speculator left inside (5)
8 Never never offer conditions everybody can understand (4, 5)
13 Assess one club to duty as a person of rank (4, 6)
14 Point to mirth that's killing (9)
16 Most minor roads at all events (9)
18 Unimportant individual victory in test (7)
19 Cancel French and ring (7)
21 Muscle is upsetting novel (5)
23 Jury's recommendation to jockey (5)
24 Bit of wind at Cape (4)

Solution to Puzzle No. 4,365



THE ARTS

Cinema

The awful truth by GEOFF BROWN

In a Year With Thirteen Moons Electric Cinema Club.
Sunrise (A) Scala.
Rough Cut (AA) Ritz.
Harlequin (X) Classic Haymarket.
Heart Beat (X) Gate 2.
Chapter Two (A) Odeon Leicester Square.

"Enjoying the food?" Burt Reynolds asks his heroine, prettily working through a Chinese meal in Don Siegel's dreadful new film *Rough Cut*. "My teeth are applanding!" she says with a smile—an exchange so awful, so ridiculous, that it has nagged and tormented this critic all week like a stone permanently stuck in a shoe. But it seems the perfect grim epitaph for a week so well-endowed with the awful and ridiculous that there was scant cause for applause from any part of the anatomy.


Nick Nolte in 'Heart Beat'

The major exception was Rainer Werner Fassbinder's *In a Year With Thirteen Moons*, made in 1978, a year which did indeed have 13 moons—something guaranteed to bring serious trouble, the director says, to those with turbnlent emotions. Elivar/Erwin, the film's main character (very well played by Volker Spengler), has them in abundance, particularly after the man for whom she bad her sex operation leaves her. Fassbinder takes his heroine/hero, tottering stiffly with handbag and high heels, through a chain of chance encounters and visits, which fill in Elvira's biography and predicament. *There* is Erwin's separated wife and the friendly prostitute Zora (another good performance by Ingrid Caven); the slaughterhouse where he was once employed (eyes may hsve to be averted here); the orphanage Sister who lavished affection on Erwin as a boy. The climactic encounter is with another old acquaintance — a pitiful racketeer Anton Saitz, who fumes when his *surname* is spelt wrongly and idles the day away with his favourite benchmen watching a Martin and Lewis film nn television while others perform his robberies and shootings.

Fassbinder wastes so little time plunging us into his customary *world of* homosexual *strife* —the opening is a flurry of probing bands, painted faces and downcast trousers — that some may feel themselves alienated, nr at least feel a strong aense of *déja vu*. But stay with this film, for it does provide a clear demonstration of one of Fassbinder's main strengths — bis belief in the primacy of narrative and character in a branch of cinema too often characterised by unyielding incoberence. *For Fassinder's* unique achievement, bere and elaewbere, bas been to master all the techniques of vintage Hollywood and aim them at the kind of environments, activities and emotions Hollywood traditinnally swept under the carpet. For all the bizarre detail that *surrounds her, Elvira/Erwin's* predicament grips the eudience just as much as the beartaches of Joan Crawford or Barbara Stanwyck. But inatead of setting the action in plusb American offices, bomesteads and beach bouses, Fassbinder focuses nn the cold unfriendly corners of *Frankfurt, its garisb bars*, bare apartment stairways, empty business offices wbere a man calmly comes with a length nf rope tn bang bimself. It's a film filled with odd bumour, unsettling moments, but suffused throughout with sympathy — both for those like Elvira, made *too vulnerable* by *their sensitivity*, and those like Antnn, deliberately cut nff from their deeper feelings. (No certificate, club showing.)

★

Applause is justified, too, by the Scala Cinema's selection of silent films from the Fox Film Corporation, beginning tomorrow with a three-day run of Murnau's *Sunrise* (1927). Allowances may have tn he made for the fake simplicity of the story in this "song of two humans," to use the film's quaint subtitle (under duress from a "woman of the city" a farmer almost drowns his wife but comes to bis senses and is forgiven at a speed unlikely to endear the film to ardent feminists). But Murnau builds sucb staggering, intoxicating sequences from these bare foundations. *Sunrise* is a film constantly in motion. When Murnau's camera isn't delicately tracking through an idealised countryside (with a full moon shimmering across mists and water), it stands still in an equally idealised city to capture a tumult of conflicting movement within the frame. There are furious jazz bands, traffic chaos (pedestrians, trams, cars), funfair fireworks and rollercoasters. The resutl is one of those precious films where the style becomes the meaning, for the story counts for nothing beaidea these visual impressions of delirious passion and heartbreak, the bypnotic but conflicting sensations of city and urban life. It's a film to open one's eyes to cinema all over again.

★

But some nf the other releases thia week are almost films to close them. *Rough Cut*, for instance: an appallingly vacuous story about a complicated diamond theft masterminded by London-based superthief Burt Reynolds (less personable than usual) and the stunning kleptomaniac Lesley Ann Down (the lady with the applanding teeth). Also iovolved —to no effect—is David Niven, taking a break from writing autobiographies and drinking coffee to play a Chief Inspector anxious to bow out of the force in a blaze of glory. The film plainly attempts to be an updated, dirtier version of Hollywood's caper comedies of the Thirties, and fails in every way possible. The script is inept, Siegel'a direction mostly imperceptible. Some subsidiary players ham it up charmingly (Patrick Magee for instance), hnt the main trio are cardboard.

★

Then we have *Harlequin*, an Australian production aimed so feverishly at the International market that the action takes place in a glossy no man's land, peopled by English, Americans and very suhdued Australians. Audiences may therefore be far more preoccupied trying to decide on the geographical location than working out the riddle posed by the film's advertising poster: "Robert Powell . . . magician or murderer?"

★

The failure of John Byrum's *Heart Beat* is more annoying. This story of "Beat" novelist Jack Kerouac's *closely-knit* circle of friends and lovers boasts a visually sumptuous surface rarely encountered now in Hollywood. Laszlo Kovacs' camerawork bequeathes an autumnal glow to the dingiest apartment room and bar; immeculate limousines of the Forties and Fifties glide by; the music, with saxophone solos by Art Pepper, is charged with the right mixture of melancholy and excitement. But such period spit and polish proves more of a hindrance than a help, especially when John Byrum's script makes so little effort to get the characters into sharp focus. Acting is of a bigh quality, notably from Nick Nolte (playing the character who inspired Keronac's novel *On the Road*) and Sissy Spacek (the girl both men fell in love with). But their characters are stuck in the same limbo, between figures of history and figments of imagination, inhabited by all past victims of Hollywood biographies, from Cary Grant's Cole Porter to Greer Garson's Madame Curie. Kerouac's motivating experiences are brusbed over or belittled; the bobos and drug addicts seem too sanitised or too fastidiously placed (vomiting over a lavatory bowl for instance) to bave any real force. The film has an undoubted curio value, and is one more contribution to the American cycle of films—and film makers —wistfully looking back on the culture of tbe immediate past, but its own heart beat bas more than a few beats missing.

★

Finally, *Chapter Two*: 126 minutes of Neil Simon, taken from his somewhat serious, semi-autobiographical play which ran a healthy two years on Broadway from 1977 to 1979. Marsha Mason (Simon's wife) gives a pleasantly spirited performance as the divorcee wbo falls in love witb a writer (James Cann, dull) still reeling inside from the recent death of his wife. They fall in love fairly promptly; it's the problems of adjustment that take time, along with a tedious cbunk of location shooting in Bermuda for the couple's honeymoon. But the length does not bring extra depth: what migbt seem pertinent and witty in the upholstered confines of a Broadway theatre seem crash and shallow when strung out under Robert Moore's lumpish direction on the big wide screen. My teeth were yawning.

Old Vic

Macbeth by B. A. YOUNG


Leonard Burt

Peter O'Toole and Frances Tomelty

There is a long piece in the Old Vic programme headed *Macbeth. A History of Disaster*, and this production will give them another paragraph for the next edition. Perhaps it was a mistake to combine a director whose work has been confined to the cinema for virtually the whole of his directorial career with an actor who bas not played Sbakespeare on the stage for the best part of 20 years. Add a designer wbo bas never before designed for the stage, and you are asking for trouble. Sure enongh, trouble comes.

Keith Wilson, the designer, is perbaps least to blame. His set is old-fashioned — a stepped platform upstage with a pattern of dead trees behind it and a series of backcloths to set the scenes — but it serves its purpose even if it does not enrapture the eye. The director is Bryan Forbes, and I ask myself how much freedom be bad in casting, for it is clear quite early in the evening that Peter O'Toole isn't going to be even a tolerable Macbeth.

I won't go into detail about his languid movement, his slow, oddly accented speaking of the lines, his unwillingness to show any difference between the young, ambitious Macbeth of the first act and the worn-out Macbeth of the last. His fight wih Young Siward, both of them slasbing inaccurately with two-handed sabres, raised laughter around me: his final encounter with Macduff was wisely held offstage after the first few passes. Mr. O'Toole hardly seemed to realise that "creeps in this petty pace" is part of the seoteoce that starts with "Tomorrow and tomorrow and tomorrow," and put a full-stop in between them.

But picking on wrong accentuation is not a profitable business. Wrong pronunciation is easier to correct; Fleance, for example, is not a French Fléance, originator of the auld alliance, but a full-blooded Scot and the ancestor of our present queen. His father Banquo is a solid, rough man who speaks always in a fortissimo roar as Brian Blessed plays him. Other eccentricities inclnde a girl (Hllary Reynolds) as Macduff's only pretty chicken, and three ravishing girls as witches, who sing the recipe for their hell-broth in three-part harmony. (No credit in the programme. Most of the sound, apart from the prevalent thunder, is *musique concrète*.)

The Porter (Gerald Sim) is so drunk when he comes on that be has to lie prone on the stage, but recovers sufficiently to trot out bis jokes, though they didn't sound awfully funoy. To look on the bright side, there is an unexceptionable Lady Macbeth from Frances Tomelty; and Clive Wood as Malcolm speaks the verse as verse and makes it sound good. What none of them do, and this must be laid at Mr. Forbes's door, is to raise any excitement in this potentially mnst exciting play.

Edinburgh Festival

Chéri by CLEMENT CRISP

Léa de Lonval, the heroine of Colette's *Chéri*, at the King's Theatre, is a *grande horizontale* approaching the abyss of her 50th year, and enjoying an affair with the beautiful Chéri, young enough to be ber son. She is a woman of refinement, great allure, and maturity that is emotinnal as well as physical. It is the single merit of Peter *Darrell's balletic version* nf *the* tale, given its first performance by Scottish Ballet on Tuesday night, that he should bave cast Galina Samsova as Léa. Samsova's warmth of temperament, her discretion as an artist, her lovely sensitivity of movement which can make the least *gesture redolent of feeling, are* admirably used. They justify the piece because allowing us to see the physical semblance of Léa, even though the ballet does not help us to understand her story.

The abstracting of a dramatic skeleton from the luscious flesh of Colette's novel seems wilful. Robert Darrell has been aided in the task by Colette's daughter. Dance cannot replace the stylistic flesb, in a work where the flesh is all, and we are left with no more than the bony clatter of a synopsis as the central pair dutifully emote, while subsidiary grotesques strut and fret around them. Chéri is taken by Patrick Bissell, a guest from American Ballet Theatre. Tall, bandsome, be does what he has to *do* well enough — and Darrell has been at pains to put in a classical variation in which Bissell's fine technique is briefly shown—but the sensual grace of the beautiful youth on whom Léa's pearls look hetter than on their nwner is not Mr. Bissell's genre.

It is the loss nf the pbysical pungency of Colette's writing, and of her amusement at the ritual behaviour of the demimonde—and Léa's allegiance to it—which appear to me fatal to the enterprise of making *Chéri* dance. In evoking the Belle Epoque Darrell bas been admirably belped by bis designer, *Philip Prowse*. Pale "modern-style" panels, shutters, bints of foliage, are used to suggest Léa's room and the garden of Chéri's bome. Costuming delights in tbe extravagance of fashion at the turn of the century—the bats are notably good —and Prowse has had fun in *dressing one amazonian* female like a portrait nf Natalle Clifford Barney by Romaine Brooks. But this decorative elegance, and Darrell's careful dramatic carpentry which moves the action easily between boudoir and garden, do not illuminate the passions and final resignations of the attraction between Léa and Chéri, and this despite the ballet's quite excessive 50 minutes' length.

There is a commissioned score from David Earl, whicb is at best cinematically efficient as accompaniment. The narrative bas a beginning, a middle and an end. Only Samsova can indicate that it may have some emotional momentum. By her *radiant presence* she conveys the dignity and generosity nf Léa'a character, and for that we must be grateful.

The programme also contained André Prokovsky's *Vespri*, a divertissement recalling the Second Empire ballet in Paria — though I cannot for an instant imagine anyone at the Opéra dancing with back to andience, which is the impression given by the setting. As a final joyous moment, we are treated to *Napoli* Act III, enthusiastically done, with Elaine McDonald—as always—an abiding, heart-stirring joy in ber lightness, and in what theologians as well as andiences should recognise as grace abounding.

Albert Hall/Radio 3

Curzon by DOMINIC GILL

There may be no rhyme or reason to it: but I have always sensed in Beethoven's Emperor concerto the climate of a bright, fierce winter's day — even the slow movement bas the still and peace, and the innocence, of a dnrmant winter landscape. At Wednesday's Prom, with the Scottish National Orchestra under Alexander Gibson, Clifford Curzon brought summer to the Emperor, and some of the soft regrets of autumn. The first allegro unfolded in leisurely fashion, barely faster than the slowest possible pace—even its most pungent moments were dellvered with fulsomeness and sunny deliberatinn.

Technically, the SNO were never at their best—and in one or two bad patches positively *uncouth in their ensemble. Few* sparks were struck. Curzon seemed ill at ease. We know from an early, treasured LP recording with Knappertsbusch bow noble and incisive his Emperor can be; but bere there was little to support him—and we were left with a performance nf parts and fragments, and all manner of familiar trademarks: the hroad tonal palette, the delicate voicing and bell-like pianissimo, the sudden illuminating twist of phrase. The adagio was turned with the sweetest simplicity, and in some parts with an almost Brahmsian antumnal desolation: strange, and strangely affecting. The actual tempo of the finale was not slow, bnt the orchestral *impulse* was consistently sluggish, and the partnership never completely certain in its sympathies — every moment that seemed to berald a satisfying fusion would bear off at cross-purposes the next.

The SNO's evening ended with Carl Nielsen'a fifth symphony, and began with Thea Musgrave's *Memento Vitae*, subtitled "Concerto in homage to Beethoven," composed for BBC Scotland to mark the bicentenary of 1970. A sturdy, well-crafted score, studded with quotation and allusion, and woven with gentle songlike threads—a lyricism which, so often in Musgrave's work, and however unlyrical the basic impulse, carries the seed and imprint of the music, and its most lasting impression.

Wigmore Hall

Lindsay Quartet

Over the next 10 days the Lindsay Quartet is playing all four of Michael Tippett's string *quartets in* the Wigmore Hall. Three of the concerts will also contain a work from Haydn's set of quartets Op. 20; the Lindsay will include the other three from Op. 20 with a Bartok cycle it is to give next February. On Wednesday the series opened, with Haydn's Op. 20 no. 1 in E flat, and Tippett's first quartet.

Chronological order is very neat and tidy, but it does not always make for the most sensible programming. Tippett's first quartet is by a long way the least ingratiating of the canon: its polypbony is terribly earnest—Tippett had not long completed his lessons in counterpoint with R. O. Morris —and its incessant quaver working in the *outer* movements self-consciously horrows Hindemith's neoclassicism. (A pity that out of natural curiosity and a sense of completeness the Lindsay could not have been prevailed upon to inclnde as an appendix Tippett's discarded first movement for the quartet; its relationship to the opening nf the fourth quartet would have been fascinating to hear.) Neither was it played with the feeling for line and sbape which, at least on disc, the same performers lend to the second and third. In this performance it was difficult to believe that the *style* of the last movement would, within a couple of years, yield the finale of the concerto for double string orchestra; *even* the central *lento did not* stretch out nn the main melodic line.

Such an unhappy performance had heen prefaced by a no more satisfactory account of Haydn's E flat quartet—uneasy of intonation and too happy tn settle for a comfortable, unrevealing neutrality. Dynamics also, could have been more carefully shaded, as they could in Borodin's second quartet which made an illogical second half. An unpropitious beginning.

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OPEC's oil price plans

A CUT of 1m barrels a day in Saudi Arabia's oil production, which is likely to come into force for the last quarter of this year, should not make much immediate difference to the oil market. But it could pave the way to the implementation of OPEC's long-term strategy, which would mean steady but largely predictable rises in the oil price.

High stocks

Saudi Arabia raised its production ceiling from 8.5m b/d at the end of 1978 to make up for some of the shortfall of Iranian production as a result of the revolution. On its own the 9.5m b/d production level was not enough to prevent the oil price spiral that then set in. But the spiral is now over and the long-predicted glut has arrived. Crude oil stocks in the non-Communist world are at a record level of 5bn barrels, enough for 100 days' consumption; the creeping recession has sharply depressed demand; and as a result some spot market prices have even fallen below official prices.

Some analysts of the oil market argue that, even with the Saudi cut in output, it might take a full year for the market to absorb the accumulated surplus and it could be longer before the market became tight again. But the Saudi move and the coming winter mean that stocking of oil is likely to peak quite soon.

Indexing

What is important is that the Saudi action comes just before the OPEC Ministerial meeting in Vienna at which the organisation's long-term strategy will be discussed. A majority of OPEC members have agreed in principle to the strategy whose key point is that the price of crude would be indexed to reflect the inflation rate of OECD countries, the fluctuations of 10 major currencies and the growth of their GNPs.

The intended result would be quarterly oil price rises marginally in excess of the inflation rate, with a greater degree of security of supply. To achieve market conditions for indexation to operate there would have to be programming of production among OPEC members to match supply and demand—something which the organisation has never achieved, and which Saudi Arabia has not hitherto contemplated.

Concession

Three OPEC members, Iran, Algeria and Libya, have opposed the indexation formula, preferring the oil price to rise in accordance with the OPEC States' own (usually higher) inflation rates and their (better) growth rates—which would lead to exponential oil price increases. The drop in Saudi production levels was a concession considered necessary to win the adherence at least of two of the dissenting States to the majority position. Iran, however, has said it will not attend the Vienna meeting, whose decision will anyway have to be ratified by the OPEC summit in Baghdad in October.

Another consequence of the Saudi action is likely to be the unification of the OPEC official price, which in effect means Saudi Arabia raising its price from $28 per barrel to the $32 per barrel charged by other members. This would be achieved either in one jump or in two stages.

Free-for-all

The implementation of the OPEC long-term pricing proposals would mean a remarkable transformation in the nature of the organisation. Up to now, because it has not controlled overall production in any way, it has not been able to maintain prices in real terms at times of weak demand; and it has not been able to resist a leapfrogging free-for-all when demand is strong and supply constrained. The new strategy requires that OPEC States do not undercut each other in bad times and exercise restraint in good for a disparate and often unwieldy body that is a major challenge.

A greater predictability in pricing and supply would have advantages for the consuming nations, but a reduction in their dependence on oil, and on OPEC oil in particular, must remain a firm objective.

Offsetting the inflows

THE SETBACKS which the Government's economic strategy has been suffering are reflected just as clearly in the relatively abstruse figures of the balance of payments capital account, published yesterday, as in the more widely publicised statistics on unemployment and earnings.

At a time when oil production should have been providing the British economy with large current account surpluses, the North Sea's most remarkable effect has been to produce an unprecedented boom in foreign purchases of gilt-edged stock and to overwhelm the sterling money market with "hot money" from abroad. This wave of foreign inflows has sadly swamped the modest growth in British investors' claims on other economies which will be Britain's best assurance of continuing prosperity once oil production declines.

Deposits

The way that high interest rates have sucked foreign money into Britain and boosted the exchange rate is indicated by the £900m rise in foreign gilt holdings during the second quarter of this year, compared with an increase of only £17m during the first quarter, when dollar interest rates were temporarily sky-high. Money market and bank deposits grew by £1bn in the second quarter, compared with £259m in the first quarter and £293m in the whole of 1978.

At the same time capital outflows, on which great hopes were pinned last autumn when the Government dismantled Britain's creaking panoply of exchange controls, have not yet developed on anything like the scale required to offset the impact of oil and foreign inflows on the exchange rate. Both portfolio and direct investment are considerably higher than they were a few years ago, but neither seems to have increased very significantly since the abolition of exchange controls.

Interest rates

Particularly in the case of portfolio investment, which actually fell from £494m in the first quarter to £289m in the second, this is hardly surprising, since British fund managers, like their foreign counterparts, are bound to be attracted by Britain's high interest rates and the apparently favourable prospects for sterling. When the trend in sterling interest rates turns decisively the chances of much larger capital outflows will be improved greatly.

Fiscal stance

It will only be when the effects on interest rates of the Government's unbalanced monetary and fiscal stance become less pronounced and when interest rates move down towards the levels available on other currencies, that a judgment will become possible on one of the most fundamental questions about Britain's economic future: will Britain's investors be able and willing to acquire new assets on anything like the scale required to extend the benefits of the North Sea bonanza well beyond the end of the next decade?

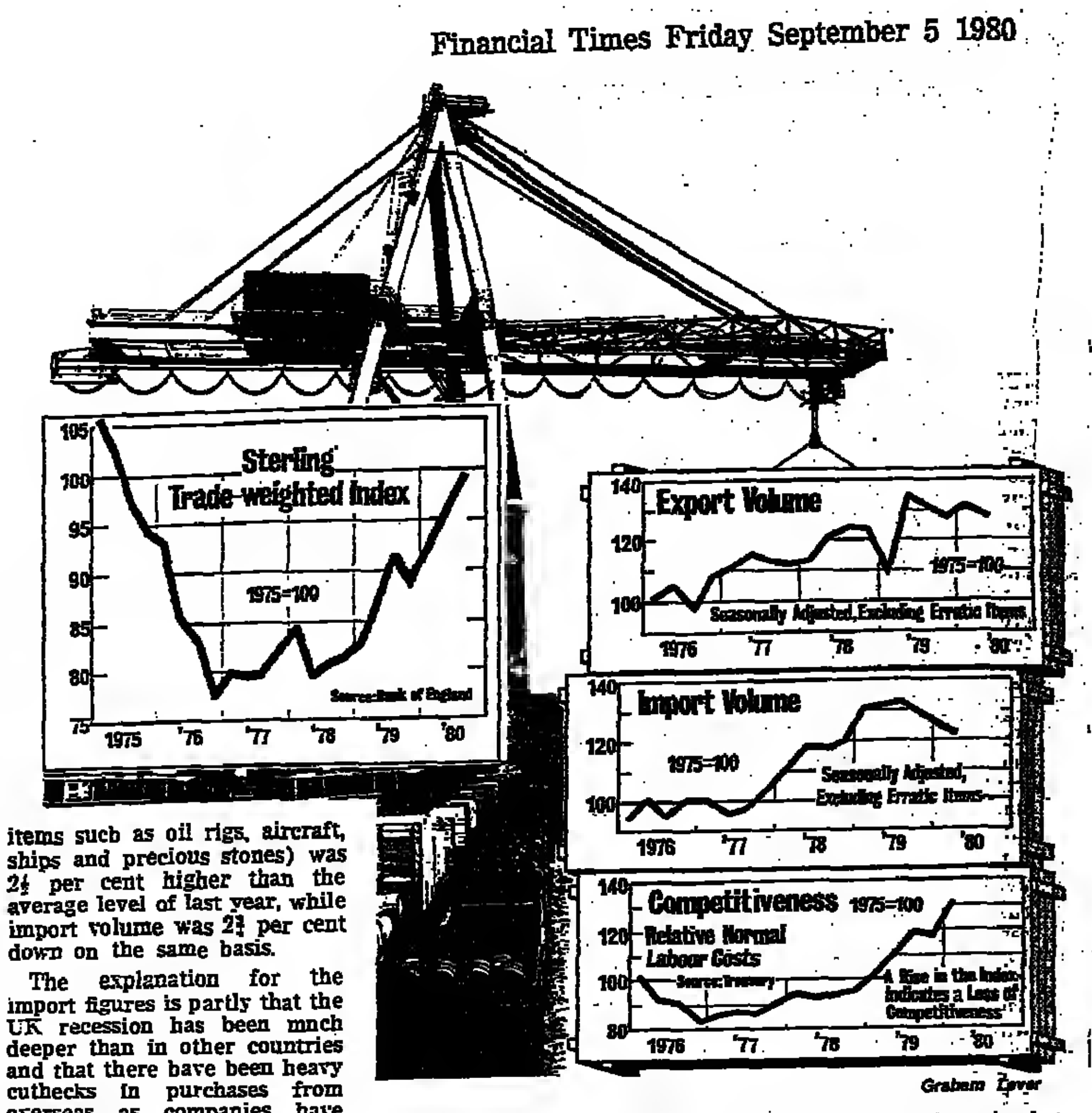
The scale of the challenge is considerable, but so are the possible benefits. It has been calculated that, if one half of the revenues from the North Sea were invested at a real return of 3 per cent, the extra consumption provided by the other half of the revenues could be maintained indefinitely, assuming that the price of oil remained stable in real terms. To achieve this outcome would require the investment of something like £5bn a year in addition to the £2bn or so which the UK private sector had been investing abroad before the era of North Sea oil.

Counterpart

In 1979 UK private investment overseas amounted to £6.4bn, with the largest contribution coming from the oil industry. This figure and the £3.7bn invested abroad in the first half of this year suggest that the sort of levels of overseas investment required to prolong the benefits of the North Sea could be achievable, if the net effect was not offset by even larger capital inflows from abroad. If these capital inflows came to an end, the inevitable counterpart of a massive programme of overseas investment would be a current account surplus, built up by a prosperous domestic economy, on the basis of a more realistic exchange rate. This is the long-term hope held out by the success of monetary control and a reduction in interest rates.

Exports: it may be only an Indian summer

STERLING has risen steadily against other currencies since mid-1978 and has now topped $2.40 for the first time in more than five years. Industrialists are puzzled, especially since British exports have held up relatively well so far this year, reports Peter Riddell. And (below) Paul Cheeseright looks at some British exporters that are still winning orders in spite of a general decline in optimism



"IT IS very difficult to understand why the exchange rate is where it is now. Under any of the main theories of exchange rate determination, it is considerably higher than one might have analytically expected."

MANY industrialists share the puzzlement expressed by Mr. Charles Goodhart, Chief Adviser, Bank of England, in his evidence to the Treasury and Civil Service Committee of the Commons in July.

To them the rise in sterling—above $2.40 for the first time in 5½ years—makes no sense at all. They are pessimistic about future exports and profit margins are already being tightly squeezed. Yet there is a further puzzle—Britain's exports have held up relatively well so far this year. Indeed, the current account was in record surplus in July.

It may be that this is really no more than an "Indian summer" for exporters, but there is certainly no shortage of explanations for the strength either of sterling or of exports. None are, however, of much comfort to industry which is trying to come to terms with the central problem that the old yardsticks for forecasting exchange rate movements have proved invalid.

Even sophisticated forecasting techniques based on movements of relative prices and money supply and trade flows have not worked.

For example, in July last year the London Business School forecasters—then headed by Professor Terry Burns, now the Treasury's chief economic adviser—projected that the average value of sterling against other currencies, known as the trade-weighted index, would decline by 7½ per cent in the year to this summer.

In the event, the index rose by more than 7 per cent. The

Old yardsticks have proved invalid

Business School was neither alone nor atypical in its margin of error.

The strength of sterling can be attributed to several factors. North Sea oil is undoubtedly part of the story—not only because of the direct impact on trade in oil but also because of capital inflows attracted by Britain's especially favourable position among industrialised countries as a major oil producer. This has mattered because of the big rise in the last year—up to between $120bn and $150bn—in the surpluses of the oil-producing states available for investment. There has been a change in the composition of the portfolios of the oil producers in favour of sterling. This has in turn been affected, particularly this year, by the high level of interest rates in the UK relative to returns available abroad.

Whatever the mix of influences, sterling has risen steadily against other currencies since mid-1978. This reduces the relative cost of imported goods, and increases the relative price of British goods, benefiting the consumer but hurting the producer. In practice, competitiveness is affected by the real exchange rate after adjusting for the rise in Britain's costs relative to those overseas.

By any yardstick the competitive position of British goods has worsened significantly in the last couple of years, even if the exceptionally favourable position at the end of 1976 is ignored. The Bank of England suggests that changes in relative labour costs affect the level of imports quite quickly but appear to influence export volumes only over a period of about four years. The erosion of Britain's cost advantage was clearly affecting the competitiveness of British goods by mid-1979 and the position has worsened since then.

In theory, therefore, the current account surplus of £376m between May and July is surprising. Part of the explanation is that price movements have helped the UK.

But the volume figures have also been favourable. Even though exports fell slightly during the summer, the decline in import volume has been much sharper. In the first seven months of this year the volume of exports excluding erratic items such as oil rigs, aircraft, ships and precious stones) was 2½ per cent higher than the average level of last year, while import volume was 2½ per cent down on the same basis.

The explanation for the import figures is partly that the UK recession has been much deeper than in other countries and that there have been heavy cutbacks in purchases from overseas as companies have tried to reduce excessive stocks of raw materials and components.

In contrast, demand for exports has held up reasonably well in some of Britain's markets. Sales to both the Continent and North America

Recession deeper than elsewhere

have dropped but sales both to the oil-exporting countries and to other less-developed countries have risen sharply.

But that is not enough to solve the export puzzle. The CBI has suggested that recent exports may in part have reflected orders made in earlier periods. UK manufacturing companies may have also been prepared to accept very low profit margins to retain export markets in face of low domestic demand.

The CBI concludes that if any of these explanations are correct it is likely that the recent relative strength of exports will prove only temporary. The further falls in export volumes in the coming months suggested by the trends surveys will take place.

Industrialists seem unlikely to find much immediate comfort from a change in the value of sterling. Although Bank of England officials have talked about the real exchange rate being too high, the Government's policy is still to allow the rate to be determined by market forces with minimal intervention.

Various suggestions have been made about ways in which the rate might be cut: for example, a letter in yesterday's Financial Times called for negative interest rates on foreign-owned deposits in order to discourage inflows. But the problem with these and other ideas, such as tax and other subsidies for exporters, is that they are either contrary to Britain's international obligations or where tried overseas, they have not worked.

The big uncertainty is what will happen if and when domestic interest rates fall. The small cut in minimum lending rate two months ago had no impact on the exchange rate since the margin between UK returns and those overseas remained large. Nevertheless, it is possible that if UK interest rates do fall substantially, or rather if the gap with U.S. rates narrows, the some of the recent rise in sterling could be reversed. But few economists would now dispute that a large part of the rise in the real exchange rate since 1977 is unlikely to be reversed in a hurry since it represents a once-and-for-all adjustment to the existence of North Sea oil.

There are, in short, no easy ways for British industry to recover its earlier competitive position.

Strength of the pound 'is no excuse'

THE SALES director at Whitfield, the Staffordshire pottery equipment manufacturer, has just completed five round trips to Japan. His reward: the sale of a £200,000 automatic plate-making line to a factory in Stavanger.

"The strength of the pound is making selling more difficult," said Mr. Keith Savage, "but it's not insurmountable. If you want business you've got to go out and get it. The pound is too easy an excuse."

Whitfield competed for the order against one Italian and two West German manufacturers. Its quotation was the second highest. "We obtained the business because we were willing to do more and offered a better service," Mr. Savage said.

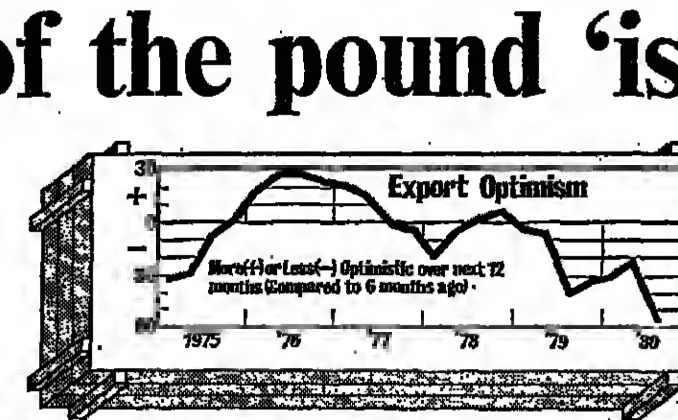
But companies such as Whitfield, whose share of turnover from exports is rising relative to revenue from the domestic market, are becoming rarer. The total export figures may have held up well so far, but industry does not expect that this will continue much longer.

Analysts at the Confederation of British Industry note that the unexpectedly good trade figures so far arise from contracts signed in previous years and because companies are exporting on much lower margins, and sometimes even at a loss just to be able to maintain their place in overseas markets.

ICI, whose latest figures were eloquent testimony to the difficulties, said that it had cut margins to maintain its market share. Dunlop, selling hoses to the marine and oil industry, and often having to quote in dollars, uses a lower exchange rate than that prevailing on the markets.

But the strength of the pound is not the most decisive factor eroding the competitive edge of British exporters. It assumes importance because it comes on top of rising internal costs and against the background of sluggishness on the domestic markets.

CBI surveys show that optimism about export prospects is slackening by the month. "The proportion of exporting



participants itemising 'prices relative to those of competitors' as a likely constraint on their ability to obtain new export orders over the next four months has risen from a record 79 per cent in April to 83 per cent in this (July) survey."

This does not suggest that the internal weakness of the UK economy is prompting a greater drive into the export markets. The London Chamber of Commerce noted that companies are battening down their hatches, trying to hold on to what they have rather than extend their operations. There is no cash to invest in new directions and anyway, said the Chamber, it is difficult to sell because of the high pound and high interest rates.

Although most evidence of a fresh export drive is anecdotal, there are certain areas where the strength of the pound, while not making life easier, is of less importance. These include high technology products, contracts where the product is tailor-made to a buyer's specifications, and where the British company has a proven reputation.

D. D. Lamson, the Gosport manufacturer of advanced pneumatic tube distribution systems, has continued to win orders in Kuwait and Saudi Arabia. In this business, price is not the first consideration. The client is most concerned about the system, the service which comes afterwards and competence in installation. "Price is a factor late in the negotiations rather than at the beginning," says Lamson.

Similarly, Boat Showrooms of London won a £1.1m contract to supply water buses to Zanzibar against competitors whose craft were too complicated for the carriage of passengers, livestock and bicycles. "The more tailoring there is for a special market, the less price-sensitive the item becomes," Boat Showrooms says.

That assessment is all very well as far as it goes, but manufacturers are nevertheless finding that the international environment is becoming harsher. One crane manufacturer bidding strongly for a sale in Mexico found that U.S. producers were offering cranes "at prices not explicable in ordinary terms."

This manufacturer had tried to bolster its bid by arguing that as forecasts suggest the pound will decline in the long run, it would be wise to take a sterling credit, lessening the burden of repayments over a period. But with the pound rising the argument was not accepted.

Exporters competing directly with Canadian and U.S. groups say that conditions have become very difficult. Some consultants — exporting knowhow — have responded by cutting margins to such an extent that they are making little or no profit. The strength of the pound is pricing some consultant groups out of the market, especially since the last quarter of 1979.

Seltrust Engineering, which works in the natural resources field and will tender for turnkey projects as well as doing consultancy work, was underbid 25 per cent by Canadians for a Peruvian mining project and $100m sales of UK equipment were lost. It was not because the Canadians offered better terms for the equipment but because the lowness of the Canadian dollar relative to sterling helped to make Seltrust's service costs too expensive.

* Economic Situation Report: end July 1980; Cal. Publications; £50 for members, £90 for non-members.

MEN AND MATTERS

Gosling nests at Plessey

With some justification, Plessey is cock-a-hoop over a spectacular coup, which can be guaranteed to turn the competition a virulent shade of green. From the chair of the highly-rated chair of electrical engineering at Bath University, it has snatched Prof. William Gosling and whisked him away to the technical director's seat on its board. Such a move, trumpets Plessey, by a senior academic directly into top ranks of industrial electronics management, "is without precedent in the UK."

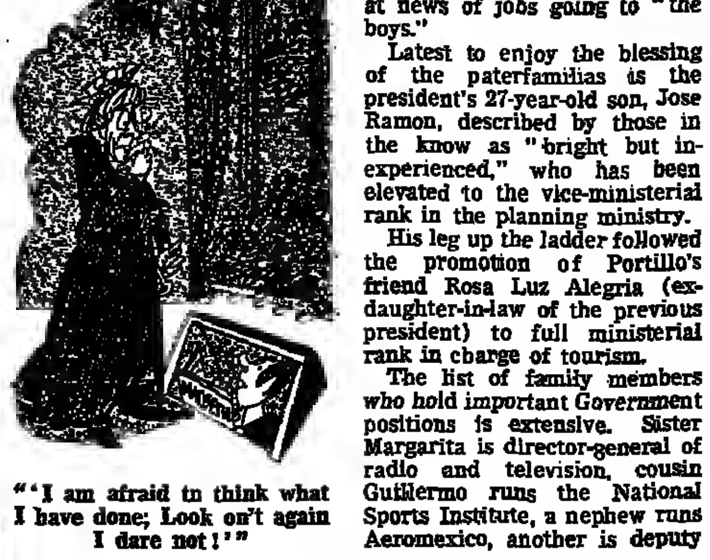
Gosling tells me he has few worries about making such a dramatic transition at the age of 43, despite having spent almost all his career in academic pursuits, the last seven years in the chair at Bath.

"I had my first chair very young indeed—at 33—and I have been a professor for 14 years or more. I was beginning to feel that I had contributed all I could and then Plessey approached me," he says.

"I think I have been one of the major proponents in this country," he says, "of bringing university education and the engineering industry closer together. I have organised the research of my department along much more industrial lines, so the change of jobs is not actually as big a transition as it might seem."

In recent times he has also shown an aptitude for driving a strong bargain which will help in the commercial hurly-burly. A little while ago, GEC approached him and 11 other professors asking him to design a new electrical engineering MA course tailored to its needs.

Spurning speculative open competition, Gosling told GEC flatly that either Bath worked alone or the company could take its chances with the other 11 universities on its shopping list. The first intake of students on the Gosling-GEC course is currently having a taste of life at Marconi and will be moving into Bath at the start of the new term.



"I am afraid to think what I have done; Look on't again I dare not!"

In the family

Droit de seigneur, a perk taken seriously by successive presidents of Mexico, is being taken to unheard-of extremes by the present leader Jose Lopez Portillo. His indulgence in nepotism is raising eyebrows among people who long ago considered theselves incapable of surprise at news of jobs going to "the boys."

Latest to enjoy the blessing of the paterfamilias is the president's 27-year-old son, Jose Ramon, described by those in the know as "bright but inexperienced," who has been elevated to the vice-ministerial rank in the planning ministry.

His leg up the ladder followed the promotion of Portillo's friend Rosa Luz Alegria (ex-daughter-in-law of the previous president) to full ministerial rank in charge of tourism.

The list of family members who hold important Government positions is extensive. Sister Margarita is director-general of radio and television, cousin Guillermo runs the National Sports Institute, a nephew runs Aeromexico, another is deputy head of the National Sugar Commission and the president's brother-in-law holds a top administrative post in the Federal Electricity Commission.

Local wags, observing that the president still has two years of his six-year term to run, are beginning to wonder which will run out first—the supply of top jobs or the reserves of unplaced Portillos.

Moving out

Another bastion of the old British Leyland empire has fallen. BL announced yesterday that it is to surrender the lease on the 12-storey office block in Coventry that once served as the nerve centre for the cars group and its 120,000 labour force.

Originally occupied some six years ago, it was named operational HQ in the days of the Ryder reshuffle for managing director Derek Whittaker, and the Leyland Cars team charged with capturing 30 per cent of the UK motor market and producing more than 1m vehicles a year.

Thinned by the effects of the foreign makers' siege and Sir Michael Edwardes' shake-out of 4,000 white-collar jobs, the raggle-taggle rearguard of 280 staff will soon be issued with evacuation orders and must say goodbye to their imposing home, once dubbed Leyland Coventry House, lately downgraded to humble 2, Eaton Road, and known affectionately among the garrison as Off-Centre Point.

Tough area

Appropriately enough, the largest employer in New York's Bronx district — testing ground for the most sophisticated and vicious forms of urban warfare prepared to face a challenge, the manufacturer of the electronic surveillance aids favoured by those devoted to the more sophisticated forms of mayhem.

Hawking his wares at the Farnborough Air Show this week, and promoting electronic warfare (EW to the cognoscenti), as the main hope for keeping U.S. one military step ahead of Them, chairman Bernard Schwartz speaks flatteringly of his close associate Ernie Harrison, Racal Electronics chairman.

Relations are cosy, of course, because should this company win the contract to kit out the revamped Jaguar fighter with its Rapport III defence system, Racal and British Aerospace Dynamics will produce the hardware in the UK.

A devout competitor, Schwartz is very much the New York executive, typified by a close command of modern business and technology and a 10 per cent stake in the company he runs. Although Loral is acknowledged as one of the major companies in the field it still has only 5 per cent of the total U.S. business, so fierce is the competition. "It's not quite like that over there," he comments tactfully.

No sale

"I haven't been going out selling myself," sniffs Lord Mowbray and Stourton, possibly a little affronted at my questions over a rare foray into commerce. "They have been on at me to join them for some years."

"They," I regret to say, remain to be clearly identified, biding for the moment behind the posh title of Economic International Resources Corporation and a Jersey address. But Mowbray, who has resigned his role as Tory whip in the Lords after 13 years and joined the company board, expects more information when the work really starts.

Already proving that it is prepared to face a challenge, the Arab-backed operation's first project is the export of some $10m worth of British mining and forestry tackle for use by an affiliate company in the somewhat delicate republic of Ghana.

Observer

The sweet smell of success turns sour

The very success of the cosmetics industry over the last 10 years is now threatening to backfire, especially where fragrances are concerned. Revlon found a highly successful gap in the market with Charlie, but success has proved difficult for imitators particularly in a period of recession. Sue Cameron, Chemicals Correspondent, reports on the problems facing an overloaded cosmetics bandwagon seeking ephemeral and elusive success in the fragrance market

JUST OVER 100 years ago an entrepreneur called Sarah Rachel Leverson opened a beauty salon in London's New Bond Street where she charged customers 1,000 guineas a time for a course of "Arabian" baths—consisting only of bran and hot water.

She gave her salon the uncompromising title of "Beautiful for Ever" for these were the days before anyone had thought of setting up an Advertising Standards Authority. Not that Madame Rachel, as she was known, would have allowed any minor legal technicalities to stand between her and her thriving little business.

By way of a sideline, Madame Rachel blackmailed some of her customers by threatening to reveal to the prim Victorian world at large that they had visited a beauty specialist. Sadly, the law finally caught up with her and she was sentenced to five years' penal servitude.

But Neville Williams author of a book called Powder and Paint, says of her career: "When her business was exposed no-one knew which was the most remarkable — the names she gave to her products, the prices she charged for them or the way she had managed to hypnotise fashionable women into believing in her powers to work miracles with their faces."

Fraudulent she may have been, but Madame Rachel had that special flair for marketing which is still an essential ingredient of commercial success in the cosmetics and fragrances industry. Effective marketing is probably more important for producers of make-up and perfume than for manufacturers of almost any other consumer goods. Yet it also appears to be more difficult, as a number of large companies have been discovering to their cost.

The business, none the less, is an attractive one with the European market—including Scandinavia and Spain as well as the Common Market countries—providing retail sales of over £4bn last year. The biggest single European market in 1979 was West Germany with sales of £1.4bn, followed by France with £800m and Britain with £410m. The U.S. market last year was worth about $8.28bn.

But today the cosmetics industry seems set for a fairly rough period of rationalisation. Its very success over the last 10 years is now threatening to boomerang back on it—especially where fragrances are concerned.

What turned the fragrances market upside down in the mid-70s was a single new product produced by Revlon in the U.S. Called Charlie, it opened up a new market for medium-priced so-called life-style fragrances there and in Europe.

Charlie's advertising featured a long-legged liberated, carefree-looking girl whose image caught the mood of many younger women. Revlon, with sales last year in the U.S. of $1.71bn, found itself with a major success.

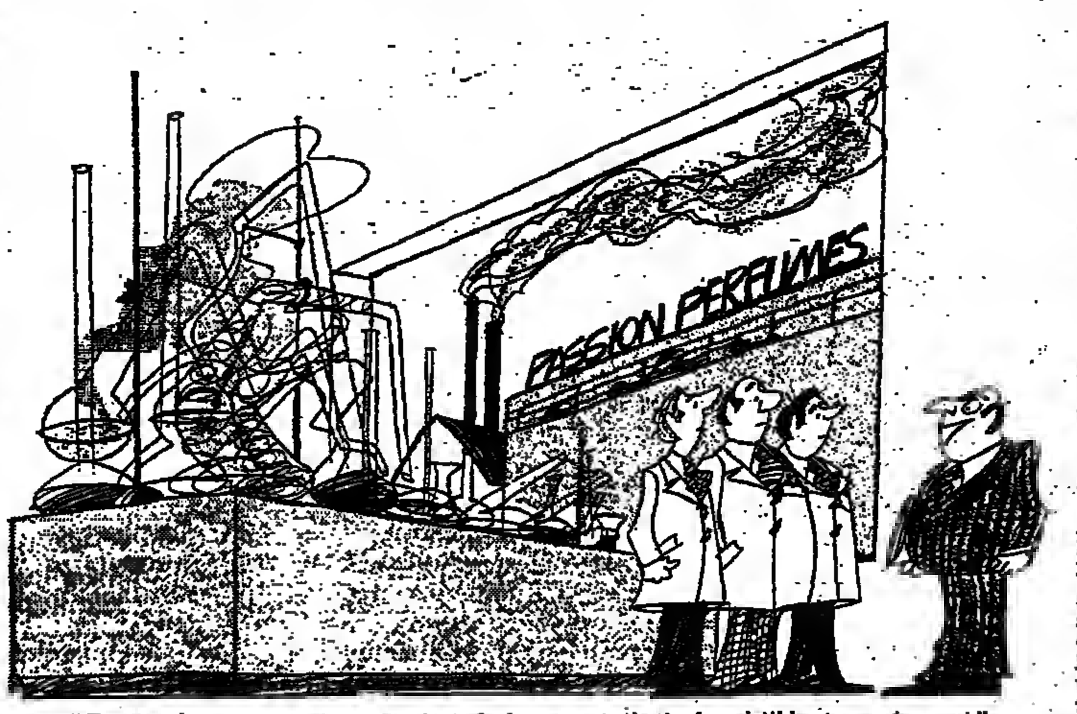
The company's real success was that it had found a gap in the middle of the market. Until Charlie, scent producers had been fairly strictly divided into two types—those that aimed at the cheap end of the market and those that were expensive and usually French. French-based Chanel is probably the most successful of the latter.

Charlie's high sales and profits brought a rush of imitators. But success has proved elusive and there is no longer room for all the cosmetics and fragrance companies—particularly during a period of recession.

Even some larger companies which diversified into make-up and perfume during the boom years have found it hard to make much headway in the rarified atmosphere of the beauty business. Some of them are therefore trying to pull out, although divestment is not always easy.

Colgate-Palmolive of the U.S., for example, has been desperately trying to extricate itself from the beauty market for some time. Last month it sold its Helena Rubinstein subsidiary for $20m—a huge loss on the $142m it paid for the cosmetics concern in 1973.

Colgate is strong in soap, toothpaste and other basic toiletries, and cosmetics would seem to have been a logical extension of its business. But now the group says wearily that the two sectors are not at all the same. The cosmetics market is more wilful and the customers more capricious. The top management in a beauty house also needs to have a feeling for fashion.



"Forget the sexual overtones—just find a scent that's irresistible to *customers!*"

Norton Simon is another large U.S. concern which has had considerable success in marketing consumer products, yet has had trouble making adequate profits in its Max Factor subsidiary.

Selling household soap is far simpler and more straightforward, Colgate says. All that is required is a good quality product at the right price. Once it is established in the market, customers can be relied upon to show strong brand loyalty instead of fluttering from one manufacturer to the next.

The UK-based Smith and Nephew is another group that now reckons its cosmetics business more trouble than it is worth. Like Colgate, it is extremely successful in the more down-to-earth toiletries—Nivea cream and Atrixo hand cream are among its lines. But last month it admitted that it was looking for a buyer for its cosmetics business, which includes the Mary Quant, Outdoor Girl and Miners brands.

Yet large companies can sometimes diversify successfully into cosmetics and scent. Hoechst, the German-based chemicals giant, owns the Parfums Rochas, Marbert and Balenciaga ranges, among others. Last year its cosmetics operations reported increased sales and a total turnover of DM 270m (£63m). And Beecham, the UK-based pharmaceutical and household products group, extended its make-up and perfume interests in 1979 when it paid $85m for the U.S.-based Jovan fragrances group.

But it seems clear that cosmetics and perfumes operations cannot be profitably run on the same lines as household toiletries, drugs, food or plastics businesses. Corporate management styles cannot be imposed on them: they have to be allowed to be laws unto themselves.

Mr. Simon Barrow, chief executive of the Ayer Barker advertising agency which has the accounts of the French-based Chanel, the U.S.-based Avon and Imperial Chemical Industries' Goya ranges, says fragrances — and cosmetics in general — differ from other packaged goods because their image is so ephemeral.

"If you are trying to sell fish fingers, you can stress the fact that your fish fingers contain 100 per cent cod," he says. "This is factual and straightforward and both the producer and the potential customer understand the selling point and the image being put over.

"But people don't buy Chanel perfume because of what's in it. I don't think Chanel has ever said exactly what the ingredients of its perfumes are."

Mary Quant, whose company acts as design consultants to a number of concerns including the Mary Quant cosmetics business that Smith and Nephew is trying to sell, makes a similar point. "We are selling magic," she says simply.

But selling magic to the masses is becoming an increasingly difficult task, even for those who do it for their bread and butter rather than for the sake of diversification. The U.S. cosmetics and fragrances market, estimated to have been worth $8.28bn in terms of manufacturers' sales has been failing to meet expectations for the last 18 months, despite a 10 per cent growth in money terms last year.

Today that bandwagon appears overloaded. Experts in the fragrances and cosmetics field believe the industry is due for a period of "shrinkage." They point out that not only has competition become more intense, but the recession is also beginning to make itself felt.

Throughout Western Europe and, to a lesser extent, in the U.S., the birth rate has been dropping. Since the early 1960s the growth area for make-up and perfume has been provided by teenagers, but from now on there are going to be proportionately fewer of them.

The Acumen Marketing report insists that in the next few years the 25- to 40-year-old age group "must emerge as the opportunity area for cosmetic companies." It points out that women in this age band tend to be better educated than previously and more of them go to work.

The influence of the 24-plus age range is already having an impact on the market. Skin care products — night creams, cleansers and moisturisers as opposed to the blusbers, lipsticks and eye shadows that fall into the cosmetics category—are increasingly in demand. They have traditionally been the preserve of older women, as have expensive French perfumes which are also selling comparatively well at present.

Older womens' needs and preferences are clearly different from those of teenagers' and cosmetics companies will have to gear their products and their marketing to meet these. But some may fail to make the changeover.

The old-established, upmarket beauty houses with a comprehensive range of products seem to be in a stronger position than some of the newer ones, providing that senior managers more used to selling soap than intangible promises of loveliness are not imposed upon them. One advantage they have is that their customers can usually be relied upon to show strong brand loyalty.

This could prove to be a big asset at a time of recession and rationalisation, although it has to be said that in the past some women have taken brand loyalty too far. In the 18th century, when make-up was often made of highly toxic materials, Horace Walpole reported that Lady Fortescue was "at the point of death; killed, like Lady Coventry and others, by white lead, of which nothing would break her."

Those were the days of which a modern marketing manager's dreams are made. Ladies were ladies and faithful unto death—at least to their cosmetic products.

Letters to the Editor

Investing in metals

From the Director of Research, Commodity Analysis

Sir,—Your lead editorial of September 3, "Paying for security," points out that neither the Government nor industry has the capital to purchase stockpiles of strategic metals, but it did not offer an alternative solution. Must the nation therefore be held to ransom if normal supply lines are disrupted?

Not at all, but the solution can only be provided by people who have vast amounts of capital to invest and would like to purchase highly marketable real assets as a hedge against inflation or future global tension. The obvious candidates are the pension fund managers, but they have been discouraged from investing in metals by previous governments of both parties anxious to stifle rivalry to their own gilt edged sales.

If pension fund managers felt able to invest in metals without being subjected to political pressure or punitive taxation a number of problems would be solved. Pension funds would have a new outlet for their increasing capital which was potentially far more reliable in times of crisis than shares, gilts or property.

Both industry and Government would have a lifeline in the form of strategic supplies should these be necessary. A lifeline that would not have to be financed by industry or the Government, which could be tapped without compromising the fund manager's fiduciary responsibility. Commodity investments need to be managed as do other portfolios, and in times of supply disruption, soaring metal prices would provide a tempting profit, freeing capital to be invested in shares or gilts which could well have fallen.

Pension funds would have a long term stabilising effect on commodity prices since they would be seeking to buy when prices were low and sell when they appeared to be too high. This could help to prevent excesses of supply or extreme shortages, therefore narrowing the peak to trough price swings. The pension fund managers who reduces his risk by investing in commodities simultaneously becomes a much more natural and effective buffer stock manager than exists under those uneasy alliances between producers and consumers who have diametrically opposed objectives.

David S. Fuller.
Commodity Analysis,
37-39, St. Andrews Hill, EC4.

Setting an example

From Mr. N. Carr

Sir,—Surely the time has arived for there to be some consistency in the reporting of directors' remuneration in annual accounts. Some companies show the pension contributions and some do not and as it is usually the more successful companies that do this leads to suspicion which may or may not be justified. In any case it makes comparisons between companies impossible.

Also it is time that directors led the movement to relate salary levels to results rather than exhorting unions to accept smaller settlements as the Government and the CBI are doing. You can only lead by example and some recent examples have been entirely in the wrong direction with chairmen deploring settlements following strikes below their own settlements obtained without.

N. Carr.
*Arkholme,
Morlborough Crescent,
Clifton Pork, Ramsey,
Isle of Mon.*

Popular apples

From Mr. R. Kimberley

Sir,—There appears to be no doubt that the reason why the UK market for dessert apples is dominated by the imported French Golden Delicious variety has very little to do with texture or flavour, for that variety has little to recommend it in these respects.

There appears to be no doubt either that the explanation given by M. Emmanuel Drion (September 3) is quite correct when he states that the French have made a very determined effort to capture the UK and other EEC markets.

As with practically all consumer products, the key to success lies partly in quality and price and very largely in style and presentation. A visit to most supermarkets and fruiterers will demonstrate quite clearly the failures of UK growers. Compare the excellent presentation of uniform size, colour and appearance—often in shrink wrapped packs of the French variety and the tatty wooden box full of all shapes and sizes and often blemished and bruised UK apples offered at similar price and it is not surprising that the housewife plumps for the Golden Delicious.

Given equal presentation and price there is little doubt that the proof of success will lie in the eating and several UK varieties will win hands down.

So many UK products are now being displaced by foreign imports due to a sad lack of quality controls and presentation that it is high time that we stop blaming "unfair" competition from imports and get down to matching the competition from abroad.

We must stop spilling the milk and thus having to cry over it. If our apple growers would get off their backsides and provide the public with something more attractive we will cease to worry about foreign competition instead of pleading for patriotism to overcome our deficiencies.

R. Douglas Kimberley.
26, Binney Street, W.1.

High interest rates

From Wing Commander R. Burrough

Sir,—High interest rates curb inflation, strengthen sterling, make exports expensive, imports cheap, bankrupt small businesses, and increase unemployment.

Years ago tax credits were allowed to private individuals on interest paid on most loans (as are still available on mortgages). Suppose we do the opposite—tax interest on most loans e.g. public sector, private individuals and selected non-essential industries.

Minimum lending rate could be reduced. Foreign investors would be encouraged to take their money elsewhere, sterling would fall, exports cheapen and increase, imports cost more and reduce, bankruptcies lessen and employment would rise. Essential industries would invest in new plant, UK suppliers could compete.

The selective lever of taxation of interest paid could be used to discourage expenditure by public sector, private individuals and selected non-essential industries.

Such tax could be easily, effectively and cheaply applied and varied. Inland Revenue already receives returns from banks, merchant banks, building societies, money lenders and others. A balancing reduction in VAT, income tax and other taxes could be made.

R. J. Burrough.
44, Bedford Gardens, W8.

Business strategy—long term planning

From the Head, Business Studies Department, Coventry (Lanchester) Polytechnic

Sir,—I am pleased to see that the discussion about the industrial future of this country continues in your columns under a number of headings, including "Accounting for Closures" (Mr. E. Whiting, August 28), "The Answer to Imports" (Mr. Mitchell, September 3), as well as a number of others who have argued about interest rates, tax burdens and the role of unions.

Mr. Whiting kindly made reference to a recent article of mine, in which I drew attention to the relative short term profit horizons of some of British industry, compared with their competitors overseas. Many of these companies, however, do have long range planning systems. Nevertheless, when profits become bad, or turn into losses, there is great pressure to return the company to profitability by cutting loss makers and closing factories—whatever the long range plan may say.

This is not to assert that the managements concerned are irrational, irresponsible or arbitrary, far from it. They are able and dedicated men trying to do a very difficult job, and they need every assistance and support. They are, however, working in a context, or a "system" in the sense that Stafford Beer uses the word, which is inimical to industrial survival when confronted with aggressive overseas competition working to a very different business philosophy—a long term business philosophy backed, as I argue in my article, by long term finance.

At the risk of presenting the situation too simply, let me set out the following hypothesis. Companies in the UK concentrate on short term, half year by half year profits for one of two broad reasons. If they are independently quoted on the stock exchange, they wish to maintain the price of their shares to enable them to raise further capital, and to safeguard themselves against loss of control by a take over. Alternatively, if they are members of a group of companies, the company management must return profits to maintain their standing in the group's portfolio, both to obtain funds for capital expenditure, and to ensure continuing survival and the avoidance of closure or contraction. In either case the pressure for profitability year by year over the 1960s and 1970s has meant that certain kinds of expenditure has always been tightly controlled unless it contributes to immediate profits. This has been particularly so in the downswings of the business cycle when these expenditures have been cut so that profit declarations can be higher; consistent policies in these areas have been difficult to pursue.

The kinds of expenditures which are vulnerable in this way are always those which lay the foundations for the future, and include marketing development expenses; research and development, both for manufacturing processes, but particularly for product innovation and development; training and development from apprentices to management. This is not an exhaustive list, but suffices to make the point. We now enter the 1980s with significant portions of the nation's industry just out of date and unable to compete with the products from overseas. I would go further and argue that the inflation we continue to suffer, and the bad industrial relations are, in the main, consequences of this "system."

We have to find a way out for the future, not by nationalisation which creates a bureaucratic organisation to prop up the past, nor by relying only on market forces when so many markets are imperfect. There are other ways which open up, if we are prepared to re-examine objectives. One example may indicate the possibilities.

Various studies have shown a higher degree of concentration in British industry than elsewhere, including the United States. They have also shown that the institutions, particularly insurance companies and pension funds, are owning progressively larger shares of British industry. The theory of modern financial policy seeks ways of maximising expected returns from a portfolio of investments and of minimising risk; if followed this will lead to severe industrial contraction in the UK because of world recession which may well affect most of the 1980s. If, however, the investment managers recognise that the well being of their respective funds depend upon the well being of British industry in 10 or 15 years' time, they may be prepared to make funds available for long term strategy, and thereby influence the prevailing thinking and behaviour patterns of company managements. Similarly the National Enterprise Board, if released from annual "return on investments" criteria, could be used to promote the same kind of thinking.

I am arguing for a philosophy of business strategy based on establishing and holding market volumes and shares at home and overseas; making money work harder for industry, i.e. cash flow management; promoting long term expenditures on marketing, product development, education and training, etc.; investment in new technology; and in putting the nation to work.

This requires new thinking and changes in behaviour and expectations on the part of all of us. The old "system" is clearly not working properly and has not for a long time now; we must adapt it and modify it until it works properly.

This is essential, and may be the missing counterpart for private industry to the advances made in macro-economic management through what is known as "Keynesian economics." It is interesting to recall that Keynes in "The General Theory" had a section on long term expectations, in which he discussed the problems of the influence of investors' expectations as expressed through the financial markets.

D. J. Spurrell.
Coventry (Lanchester)
Polytechnic,
*Priory Street,
Coventry.*

Security or return

From the Director, The Savers' Union

Sir,—Two of your correspondents (September 1) replying to my letter appear to be making the following assertions: wealth in any form whatever is inevitably subject to depreciation when left to itself; savers are entitled to no return at all if they lend on cast-iron security; and nobody is forced to lend, and those who chose to do so deserve little sympathy.

One suspects that in society today the above beliefs are quite widely held and there is a task to be performed in educating people away from such concepts.

Plainly, the first point is untrue: a field or garden with the owner's gold and diamonds secreted beneath it is hardly a depreciating nest-egg. As for the second assertion, one of your correspondents comes quite close to the union's standpoint in at least granting the savers cast-iron security. He recognises that necessarily saving and risk taking are incompatible. Perhaps, after a little negotiation, he could be persuaded to throw in 2 per cent per annum as well.

Now, does your other correspondent really have little sympathy for the widows and orphans, among others, who help provide his country's capital? Certainly, nobody is forced to lend, but pity the would-be hire purchase borrowers if nobody does. After all, society has seen the need for legislation to ensure a fair deal for the HP borrower. Surely the saver is not less worthy of protection?

Geoffrey Price,
The Savers' Union,
*4, Broad Street Place,
Blomfield Street, EC2.*

Laying the blame

From Mr. J. Humphreys

Sir,—In your editorial of August 30 you criticise Tory Government policy as having the effect of reducing the profits of ICI to a parlous state.

How can you accuse the Government when ICI pays 50,000 of its employees an increase of 21 per cent for less time worked?

J. L. Humphreys.
*10, Spenser Court,
Parkleys, Ham Common,
Richmond, Surrey.*

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher visits Occidental oil terminal, Flotta.

Trades Union Congress annual conference concludes, Brighton.

British Association for the Advancement of Science annual meeting concludes, Manchester.

National Association of Women's Clubs annual conference opens, York (to September 7).

Farnborough Air Show opens to the public (to September 7).

Bristol International Balloon Fiesta (to September 7).

Overseas: Boulogne trawlermen (who started the French fishermen's strike) discuss a settlement of the dispute.

One-day strike at Milan's two international airports.

Final day of the Financial Times conference on business opportunities in Sri Lanka, Colombo.

Regional conference of 16 Asian and Commonwealth nations continues, New Delhi (to September 8).

COMPANY MEETINGS

John Brown, The Sanctuary, Westminster, 12.30. Heron Motor, Carlton Tower Hotel, Cadogan Square, SW, 10. Inchcape, Baltic Exchange Chambers, 14-20, St. Mary Axe, EC, 12. Pilkington Brothers, Prescot Road, St. Helens, 2.30. Rightwise, Great Eastern Hotel, Liverpool Street, EC, 11.10. Strond Riley Drummond, Bankfield Hotel, Bradford, Bingley, 11.

COMPANY RESULTS

Final dividend: Raybeck. Interim dividends: Abbey Panels Investment. Derek Crouch. Home Counties Newspapers. House Property Company of London. A. G. Stanley Holdings.

LUNCHTIME MUSIC, London

Singers' Workshop, St. Mary Woolnoth, Lombard Street, EC3, 1.10 pm.

Cellisti Gemini (string music), St. Martin-within-Ludgate, Ludgate Hill, EC4, 1.15 pm.

UK COMPANY NEWS

BP net income lifted to £876m in first half year

NET INCOME of British Petroleum rose 5.4 per cent in the second quarter of 1980 to £371m to give a total of £876m for the first six months against £622m, a rise of 40.8 per cent.

Once again, the major contributors were the groups Alaskan and North Sea operations, but these were offset by the higher North Sea tax rates, weaker U.S. dollar and losses on the chemicals and plastics side.

Adjusted for inflation the second quarter result slumped to £136m (£155m) resulting in a half year total of £297m compared with £275m in the same period last year.

Historical earnings per share are stated as 56.6p for the first half against 40.2p and 19.2p (17.8p) on a current cost basis. The interim dividend is lifted from 5.5p to 6.25p and shares to be alloted pursuant to the offer for Selection Trust rank for this dividend.

Last year the group paid a total dividend of 17.5p when total net income was £1.62bn.

The strengthening of sterling in the first half reduced the reported sterling value of dollar earnings and of the group's large dollar balances. The net income is estimated to have been reduced by £57m against a £40m reduction in the first half of 1979.

The directors say the group has been able to obtain adequate supplies but although market prices have risen, competitors continue to have more access to lower cost oil.

Over the half year, margins from oil trading in Europe including the UK have been barely adequate, and in some cases insufficient to recover replacement costs. Competitive pressure on prices is extending this unsatisfactory situation in the third quarter.

Trading conditions were difficult in Britain, where oil demand is down 15 per cent on last year and product prices are under pressure. The British chemicals and plastics market has deteriorated since March and *BP made losses here of £34m in the first six months.*

Britain was worst hit because of the strong pound, and the high interest rates which forced customers to sell stock.

day (10.9m).

	First half 1980 £m	First half 1979 £m
Sales & operating rev.	12,748	10,529
Customs duties, sales taxes	2,352	2,106
Net sales & operating revenue	10,396	8,423
Other income	260	144
Total	10,656	8,567
Cost of sales, includ. freight, processing & manufacturing	6,472	5,411
Distrbn., sellg., admin. & other expenses	815	852
Depreciation, etc.	416	359
Interest	218	211
Total	7,921	5,833
Income before tax	2,735	1,734
Tax	1,616	953
Minorities	243	159
Net income	876	622
Capital expenditure		
Producdtn. & expln.	362	209
Tankers	10	—
Pipelines	13	6
Refineries	71	78
Marketing	85	322
Total petroleum	541	516
Chemicals	51	59
Coal	18	130
Other	15	7
Geographical		
UK	275	202
Rest of Europe	100	355
Middle East, Africa	25	10
Nth., Sth. America	177	97
Australasia, Far East	59	148

BP's American affiliate, Sohio, contributed £231m to the group profit in the first half compared with £150m last year. Sohio's *Alaskan output* has been 28 per cent higher this year than last, at 805,000 barrels a day, and its tax bill has risen substantially.

The group's share of production from the North Sea fields, Forties (96 per cent) and Ninian (13 per cent), was up 11 per cent to 530,000 barrels a day during the first half.

The higher value of the North Sea crude compared with last year was reduced by the increase *in the PRT rate in January,* and the fact that the price is stated in dollars.

BP set aside £1.62bn worldwide for taxes in the first half, two-thirds more than for the same period last year. In Britain, it set aside £909m, including £734m for PRT.

The revenue fall-off during this year is partly due to the worldwide drop in energy demand. Sales of BP's refined oil products, excluding Sohio, in the first half of 1980 were 8.6 per cent down on the same period of 1979.

Sales figures for the first half show (in thousands of barrels per day) crude oil 689 (1,281) and petroleum products, 2,482 (2,646). Chemicals sales totalled 2.2m tonnes (2.3m) and coal, 10.6m tonnes (9.1m). Natural gas sales were 9.8m cubic metres per

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ALEXANDER DUCKHAM

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £138,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £639,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

HIGHLIGHTS

After touching briefly on the latest money developments Lex devotes its column to the day's four main company stories. BP has surprised all the bears by producing relatively strong second-quarter net income, though it seems inevitable that a more pronounced downward trend will set in. Cadbury Schweppes also exceeded market hopes by almost maintaining profits for the first six months, showing the benefits of the company's cost savings in the face of poor demand. Northern Engineering's first-half profits are up from £11.7m to £15.3m and there seems a fine chance that there will be a good measure of recovery this year. Costain's interim profits have been squeezed as expected and the company continues to look for diversification opportunities. Heading up the list of companies commented upon on the *inside pages comes BET* with a very modest 5 per cent gain in profits.

NEI up midway and sees orders rise

TAXABLE profits of Northern Engineering Industries manufacturer of electrical and mechanical equipment, recovered to £12.55m in the first six months of 1980 compared with £11.67m for the corresponding period, and an £8.44m decline to £6.46m in the second half of last year.

Turnover was well ahead at £271.77m against £199.36m.

Given the difficult economic environment, say the directors, the group's overall position is encouraging. Orders on hand show an increase over the level at the end of 1979, and there has been a good order intake, with an increasing export content, in the mechanical engineering and mining sectors, although demand is still *weak in certain* of the heavy electrical sectors.

There has been some reduction in employment levels in certain UK business units, they add, and in addition to the action already taken there will be a continuing need to adjust resources as necessary to protect the group's competitive position in world markets.

Tax took £3.8m (£3.5m) in the first six months, and minorities £903,000 (£533,000). After an extraordinary debit this time of £149,000—rationalisation costs of £1.7m, less a surplus on the sale of investments of £1.55m—the attributable profit is slightly ahead at £7.7m (£7.64m).

Stated earnings per 25p share are up *from* 4.92p to 5.06p and the interim dividend is held at 1.25p—last year a total of 3.75p was paid from pretax profits of £18.13m.

The overseas companies continue to operate successfully, say the directors, and make an increasing contribution to turnover, profit and cash flow. The recently-acquired electronics and related businesses in Canada and the U.S. are performing particularly well. The board is looking for further growth in North America and other overseas territories where there are opportunities for close collaboration with the UK companies in developing technologies and exploiting markets.

The balance sheet remains strong, they state, and a progressive capital investment programme is being maintained, including expenditure on production facilities for boilers and turbines for power generation.

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Bulmer sales miss targets

HOPEFUL OF improved results this year, Mr. Peter Prior, chairman of HP Bulmer Holdings, told yesterday's AGM that this would depend on the level of Christmas drink sales and also a further reduction later this year *in UK interest rates.*

The continuation of poor summer weather, on top of the sharp downturn in consumer spending and destocking by the trade, had caused cider and other drink sales to fall well short of target, he reported.

On the other hand, Pectin activity had continued the successful growth of recent years, with annual export sales now *exceeding £2m.* However, group Pectin sales were much less than cider and the profit impact was correspondingly lower.

"While we hope to avoid the need to introduce short time working or redundancies, these measures may become necessary in 1981 if consumer demand does not recover soon," he added.

Sharna Ware revenue down in first half

Pre-tax profits of Sharna Ware fell from £132,184 to £97,387 for the half year to June 30, 1980. Turnover for the plastic ware manufacturer was £5.76m, compared with £5.23m last time. Tax took £50,641 against £68,735.

Mr. Sydney Orchant, chairman, says the board considers the results satisfactory under the present trading conditions.

The interim dividend is better at 1.4p net per 20p share (1.26p). Last year's final payment was 2.07p paid from pre-tax profits of £1.07m.

Cadbury Schweppes held to £21m in first half

MAINLY due to increased interest payable of £11.1m against £8.6m, profits before tax of Cadbury Schweppes were down slightly from £21.7m to £21m in the first six months of 1980.

However, in line with their intention to reduce disparity, the directors have lifted the interim dividend from 0.95p to 1.2p. But the increase carries no *implications* for the level of the final payment which will be determined by the year's results.

The final dividend last year was 2.9p paid from pre-tax profits of £57.3m.

Trading profit for the first half was up from £27.3m to £29.2m on sales of £486.6m *against £455.9m.* The acquisition of Schweppes (France) added £0.9m to pre-tax profits—these would have been £0.3m higher at 1979 first half exchange rates.

The half-year results were achieved in spite of the world recession, the directors say. They are keeping to the policy of concentrating effort behind the major brands and improving return on assets, which involves maintaining the capital investment programme and investment in marketing.

The board is confident that in this way, the group will continue to strengthen its market position in spite of the difficult market conditions.

Sir Adrian Cadbury, chairman, reports that generally depressed trading conditions in the first half brought a sharp sales decline in April when distributors ran down stocks to bring them into better balance with sales. The overall effect worldwide was a decrease in volume sales of 4 to 5 per cent, apart from drinks sales which were slightly *up on the same period last year.*

In the UK, the increase in trading profit from £15.5m to £17.2m came mainly from the drinks, tea and foods divisions, with the *confectionery side* holding its own in spite of the effect of last year's VAT rise.

Sir Adrian says that at this stage it is impossible to forecast the outcome for the year.

Since the end of the interim *period in* the UK, the *drinks* business has been hit by the bad summer. But on the confectionery side there are now signs that the market is beginning to turn up again and that the problems of VAT are being accepted.

Christmas orders for confectionery—traditionally ordered early by the trade—are "very satisfactory to date."

Outside the UK, Australia is continuing to show growth. In the U.S., drinks sales are good, although he warns there seems little hope of an improvement on the confectionery operations at this stage.

Capital spending this year is expected to be a little up on last time's total of £28.5m.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bertam Consd.	0.8	Sept. 30	*0.75	0.8	*0.75
Blackwood Hodge ...int.	1	Dec. 12	1	§—	2.5
BET	5.71	Oct. 24	5.71	7.57	7.57
BP ...int.	6.25	Nov. 13	5.5	—	17.5
Cadbury Schweppes int.	1.2	Jan. 2	0.95	—	3.85
Charterhouse Grp. int.	1.75	Sept. 30	1.6	—	4.1
Costain ...int.	4	Oct. 28	4	§—	9
Family Inv. Tst. ...int.	‡2.4	Nov. 3	2	—	5.55
Grimshawe Hldgs.	3	Oct. 14	2	3	2
R. and H. Hall ...int.	0.75	Sept. 13	0.75	—	3.01
Invergordon Dist. ...int.	1.5	Oct. 25	1.5	—	4
London & Europn. int.	0.7	Nov. 5	0.6	—	1.35
Midland Industries int.	1.1	Nov. 7	1	—	¶3
Morgan Crucible ...int.	4.5	Jan. 2	4.5	—	7.5
Northrn. Eng. Inds. int.	1.25	Nov. 28	1.25	—	3.75
Palmerston Inv.	1.14	Oct. 31	1.14	1.73	1.73
Sharna Ware ...int.	1.4	Oct. 17	1.26	—	3.33
Thurgar Bardex ...†int.	0.3	Oct. 10	0.3	—	0.9
Winston Estates ...int.	0.7	Nov. 1	0.7	—	1.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Maintained total expected. ¶ For 15 months.

Invergordon warns of slowdown

SALES AT Invergordon Distillers (Holdings) rose from £11.43m to £13.1m and pre-tax profits improved to £2.11m against £1.85m for the first half of 1980, but directors say that current difficult trading conditions will affect the rest of the year.

They state it is unlikely that full-year results will maintain the level of increase achieved in the initial six months—pre-tax profits for the whole of 1979 were £4.18m from sales of £24.4m.

Profits for the period to June 30 were struck after interest, up from £434,000 to £533,000, and subject to tax of £240,000 against £185,000.

Earnings are shown as 9.6p (8.55p) per 25p share and the interim dividend is unchanged at 1.5p net—last year's final payment was 2.5p.

Dividend cost is £293,000 (same) leaving £1.58m (£1.37m) retained.

● comment

With a prospective yield of 2.9 per cent (assuming a maintained dividend) and a possible earnings multiple of 15 on a full tax charge (assuming year end profits of £4.5m), Invergordon's numbers would appear to reflect a good deal of speculation about the company's future within the Hawker Siddeley network. Hawker owns 52 per cent of Carlton Industries which in turn owns 76 per centof Invergordon and future plans might include a departure of Invergordon from the group. But none of this has damaged the company's interim performance. Pre-tax margins are still above 16 per cent and income gearing is a reasonable 20 per cent. Profits from the fillings business have improved although blended whisky earnings have not risen quite as much. The shares were unchanged at 202p. In the second half margins could be under pressure as a result of a strong pound and difficulties in attaining price increases. But some profits growth, albeit less than the 14 per cent interim progress, seems likely.

Howard Tenens

The latest report and accounts from Howard Tenens Services reveal that last month the company received a claim from Armstrong Equipment amounting *to £582,000,* plus *interest,* relating to the sale of Howard Tenens Engineering (Willenhall) in March 1979, to Armstrong.

Armstrong's purchase of Willenhall for £2.65m was completed by June 1979 but was subject to warranties on which clearance has not yet been obtained.

Howard Tenens says that the claim will be "vigorously" resisted and the matter is under investigation with its advisors.

Britannia Arrow midway rise

PRE-TAX profits of Britannia Arrow Holdings, formerly Slater Walker Securities, advanced from £817,000 to £955,000 for the six months ended June 30, 1980.

The directors intend to pay a single dividend in respect of the year and hope to pay both an interim and final dividend for subsequent years — the company returned to the dividend list last year with a single interim of 0.7p paid from the year's profits of £1.52m.

Turnover for the six months expanded to £16.61m against £2.17m, and included £13.6m from Siemssen Hunter, acquired in October 1979.

Siemssen, the publishing and distribution *division, is* experiencing difficult market conditions, the directors state. Remedial action is being taken which should result in improved profitability—profit contribution for the period was £52,000.

The acquisition of Schlesinger Investment Management Services for £2.8m on July 1, will strengthen Britannia's main trading activity of fund management "which has had another successful half year," says Mr. Geoffrey Rippon, chairman.

Funds under management now exceed £400m and profits, he says, will be improved during the next 18 months by the elimination of overhead duplication.

Earnings per 25p share are shown as 0.98p (0.87p) at June 30.

Two properties were sold during the first half together with the investment in West of England Trust. Part of the proceeds were redeployed in purchasing 8.19 per cent of the capital of Minster Assets, and 8.95 per cent of London United Investments.

● comment

The big disappointment in Britannia Arrow's interim figures is the poor showing of Siemssen Hunter. In six months the publishing and distribution side *has made substantially less* than the £90,000 recorded for the final three months of last year and there is no guarantee that things will improve. Management changes will take some time *to show* through and while one of the troublemakers *has been sold the basic problem* is simply poor demand from the retail sector. Elsewhere, the picture is brighter and the contribution from fund management, *which slipped back in* the second half last year, should hold up better this time. Schlesinger should help here though the main boost will be the offshore operation, which is having a splendid year. With net *cash of £10m still in the* balance sheet Britannia's bow is still poised for further expansion while the dividend news gives added encouragement. A 1p payment (0.7p) seems possible this time. The shares, up ½p to 26½p, *are on a prospective* p/e of around 13 (taking a line through the interim tax charge) and a yield of roughly 5.4 per cent.

AERO & GENERAL SCRIP ISSUE

The directors of Aeronautical and General Instruments are proposing a one-for-one scrip issue.

BET picks up momentum to finish with £71.1m

PROFIT growth at British Electric Traction Company, industrial holding company, accelerated in the second half of the year to March 31, 1980. After only a marginal advance from £34.39m to £34.88m at midway, the pre-tax figure finished the 12 months some £8.44m higher at £71.08m.

Turnover, excluding investment income, pushed ahead from £659.22m to £760.57m, and associated companies added a further £125.99m (£82.84m). From this, trading profits improved from £64m to £72.4m. Investment income totalled £9.39m (£6.52m) and share of associate profits £10.78m (£9.89m). The pre-tax surplus was struck after interest payable of £21.5m (£12.79m), which included £240,000 this time on North Sea oil development.

With tax taking £27.6m against £24.48m, earnings per 25p deferred ordinary share turned in at 24.4p (24.1p). Tha net final dividend is 5.709p maintaining the total payment at 7.572p, at a cost of £11.38m (£11.25m).

After minority profits of £7.17m (£7.7m) and extraordinary credits of £1.43m (£2.8m), the retained balance for the year amounted to £26.36m, compared with £27.01m.

SSAP 15 has been adopted and comparisons restated. Tha contribution of Thames TV and Rediffusion TV to the pre-tax profit was £4.81m. Had year-ends not been changed, the contribution would have been £3.9m.

In compliance with SSAP 14, Thames Television has been treated as an associated company instead of, as hitherto, a subsidiary.

This does not affect net profit, but pre-tax profit includes only 50 per cent of Thames' pre-tax profit, and comparisons have been restated.

● comment

Like a behemoth coming down the road the heavily diversified British Electric Traction group is lumbering forward. The company's broad spread of interests is proving itself to be a strength in the middle of the current recession even though pre-tax profits have increased only 5 per cent. The reason for the small rise is thet the group's two biggest money-makers, United Transport and Rediffusion, are not helping out. The former suffered a drop from £20.5m to £18.7m last year, while Rediffusion marked time at the £17.1m level. Smaller divisions such as Boulton and Paul made progress despite the effect of engineering and steel strikes (which together may have lost B and P profits of around £¾m). The group's interest charges are dramatically up with a jump of nearly 70 per cent. But group borrowings have only increased 23 per cent, and the capital gearing level now stands around 40 per cent. With a maintained payment the yield comes to 7.9 per cent at 146p while the p/a on published figures is 5.6.

BRAHAM MILLAR

On the basis of its management accounts Braham Millar Group, mechanical engineer, traded profitably in the first quarter of the current year. "But we cannot forecast with certalnty tha level of demand for the rest of the year," Mr. G. R. Russell, the chairman, told the annual meeting.

Nor was he able to add to his earlier statement that the company expected an extremely difficult 12 months.

Mid-year rise for Thurgar

DESPITE HIGHER interest charges at £119,000 against £61,000 and depreciation up from £111,000 to £162,000, taxable profits of Thurgar Bardex, plastic products manufacturers increased by £21,000 to £195,000 in the 26 weeks to June 28, 1980.

Sales rose to £4.1m (£2.7m) and trading profits were £130,000 higher at £476,000.

But, present trading conditions are very difficult, say the directors, and there is continuing evidence of de-stocking by major industrial customers to the extent that both the Kettering and Chertsey factories are working at less than full capacity. They consequently feel it is unwise to make any prediction for the second half.

The interim dividend is maintained at 0.3p on increased capital—last year a total of 0.9p was paid.

Net profit, after six months' tax of £17,000 (£13,000), is up by £17,000 at £178,000.

The directors say thet acceptances were received for 71 per cent of the shares offered under the recent two-for-seven rights issue and a further proportion was sold in the market. Equity Capital for Industry, which underwrote the issue, now holds 10.9 per cent of the enlarged capital.

Hesketh Motorcycles offers shares at 80p to raise £1.3m

HESKETH MOTORCYCLES, which has been set up by Lord Hesketh to bring into production a new British-made, high-performance motorcycle, is raising £1.3m by way of an offer for sale of 1.8m shares, 63 per cent of those issued, at 80p a share. Dealings are expected to begin under Stock Exchange rule 163(2) on September 24.

The new motorcycle, called the Hesketh V1000, has been under development for two and a half years at a cost of £530,000. The V1000 is in the so-called "superbike" category, dominated by Japanese and German manufacturers and it is expected to sell for a relatively high £4,000 when first deliveries are made early next summer.

HML believes that tha model's advanced design, fuel economy and low-cost spare parts will enable it to compete effectively and attract lower insurance premiums than other models.

HML says that the UK market for superbikes is about 12,000 a year and it expects to sell 1,000 in Britain in its first production year to March 31, 1982. Thereafter, it plans to sell in foreign markets as well, building up to production of 2,000 units in 1983-84 at a leased factory in Daventry.

Although the company does not present profit forecasts, it gives estimates of results based on these sales forecasts only. Excluding sales of spares or other models that may be developed, these figures show that HML would operate at a loss in the current year, make a pre-tax profit of £250,000 in 1981-82, £610,000 in 1982-83 and £980,000 in 1983-84.

The directors say dividends will be paid once sufficient distributable profits are available.

At the outset, HML's factory will be mainly an assembly plant. Components, about 85 per cent of them British, will be bought from other manufacturers who, in some cases, will be supplied with jigs and tools by HML. The company plans to introduce two more models to its line by 1983 as well as undertaking limited production runs of specialised types of motorcycles.

HML has been financed to date by Tristar, a company controlled by Lord Hesketh. As part of the current offer, the £530,000 loan to HML from Tristar has been paid by tha issue to Tristar of 1,060,000 shares, 37 per cent of those issued. Tristar has undertaken not to sell any of its shares before September 30, 1983.

Eight investment trusts are underwriting the issue, which has been arranged by Venture Link on behalf of HML. Brokers to the issue are Grievson, Grant.

● comment

All credit to Lord Hesketh for rounding up £1.3m to finance his dream of manufacturing high-performance motorcycles in this country. On the plausible and cautious business plan presented in the prospectus, HML promises a handsome return but it also demands a two-year wait for profit and a longer one for dividends. The forecasts indicate generous operating margins which means that HML could respond to some hard price competition but many other pitfalls await any new manufacturer, such as component supply disruptions and assembly teething problems. Although the company is confident of the experts' ultimate judgment, it is a pity the V1000 has not been submitted for full independent testing before coming to the market. In sort, this one, like the bike, is for men only.

Costain sees similar result

SALES AND profits of the Costain construction and development group were down in tha first half of 1980 but the directors say that while some operations face difficulties, they expect the outcome for the year to be not significantly different from 1979, excluding property sales.

Turnover in the first half was down from £216m to £206m with pre-tax profits reduced to £15.25m against £17.15m. Last year, profits were £47.65m on turnover of £428m.

The interim dividend is maintained at 4p per share and a final payment of not less than last year's 5p is anticipated.

As expected the group is in a period of consolidation and while forecasting growth in turnover from this year on, increased profits will be slower to show, the directors state. Work on hand at June 30 this year amounted to £490m.

Referring to the offer for County and District Properties, the board says the addition of this company with its property developments and investment portfolio, is expected to contribute valuable asset growth in the years ahead.

Lex, Back Page

R. Hall lower at six months

ON TURNOVER down as forecast from IR£61.78m to £57.26m, taxable profits of R. and H. Hall, Cork-based grain merchant, slipped to £1.34m in the first six months of 1980, compared with £1.44m.

Difficult conditions in the trade are continuing so far this year, say the directors, and reduced levels of feeding are still evident. But there could be some improvement when the autumn feeding begins, they add.

For the whole of 1979, there were pre-tax profits of £2.63m, up from £2.35m, but the directors warned then that a mild winter and early spring had reduced demand for animal feed and this, together with a certain lack of confidence in the agricultural field, meant the group would have to look forward to reduced turnover in the current year.

After lower tax of £619,000 (£719,000), first-half earnings are marginally ahead at 4.37p (4.36p) per 25p share. Tha interim dividend is held at 0.75p net—last year's final was 2.25875p.

Winston Ests. boosted by property sale

Including a much increased surplus of £239,106 against £67,758 on the sale of rental property, pre-tax revenue of Winston Estates, property development and investment concern, improved from £199,708 to £419,101 for the first half of 1980.

After tax of £151,554 (£80,184) earnings per 25p share, on increased capital, are shown as 1.48p (1.15p)—before tax earnings are given as 4.54p (2.15p)—and the interim dividend is unchanged at 0.7p. Last year's final was 1.05p paid from pre-tax revenue of £408,351.

The amount taken to capital reserves was £180,167 (£55,883).

The company anticipates the completion of the building of the Oldham central trading park by the end of 1980, two warehouse units totalling 21,600 sq ft having already been occupied. A further 21,800 sq ft of warehouse space is expected to be ready for occupation in the next month or two, the directors state.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Abbey Panels Investments, Derek Crouch, Home Counties Newspapers, House Property of London, A. G. Stanley.

Finals:—David Dixon, Esperanza, Rayback, Surmah Valley Tea.

FUTURE DATES

Interims:—

APV	Sept. 25
Appleyard	Sept. 12
BTR	Sept. 8
Berwick Timpo	Sept. 17
Guest Keen and Nettlefolds	Sept. 16
Lyon and Lyon	Sept. 11
Metal Closures	Sept. 8
Pantos	Sept. 9
Perry (Harold)	Sept. 16
Ransomes Sims and Jefferies	Sept. 22
Sedgwick	Sept. 11
Simon Engineering	Sept. 15
Standard Chartered Bank	Sept. 5
Standard Telephones & Cables	Sept. 19
Tootal	Sept. 25
Vickers	Sept. 25
Waterford Glass	Sept. 30

Finals:—

Barratt Developments	Sept. 23
Sabranie	Sept. 8
Zetters	Sept. 9

Charterhouse well ahead and sees strong year end

ATTRIBUTABLE PROFITS of Charterhouse Group came out well ahead from £2.96m to £4.87m for the first half of 1980, boosted by higher contributions from manufacturing, oil exploration and production, and the banking side.

Group profits, excluding the bank, amounted to £11.68m against £8.35m, and after interest charges of £4.11m (£3.82m), tha pre-tax figure emerged £3m up at £7.56m.

The directors state that although tha recession and the impact of strong sterling will have an adverse effect on some of the businesses the group is invested in, the year end should show a strong position, both in asset and earnings terms.

Pre-tax profits for 1979 were £10.35m and the attributable balance was £8.82m.

Earnings per 25p share are shown as 4.88p (3.12p) and the interim dividend is 1.75p net, as forecast, compared with 1.6p, and will absorb £2.63m (£1.48m)—last year's final paymant was 2.5p.

Changes since June 30, place the group in a much stronger position and broaden the base for it to increase its investments, particularly in medium-sized businesses, and to expand its merchant banking activities, tha directors say.

These changes include the acquisition of Keyser Ullmann Holdings; the flotation of tha oil exploration and development interests, with Charterhouse retaining 48.4 per cent of Charterhouse Petroleum; the sale of the group's 100 per cent interest in the insurance broking subsidiary, Glanvill Enthoven; and the placing under Rule 163 (2) of shares in United Electronic Holdings, with the group retaining a 26.5 per cent stake.

The directors say these events will have a substantial effect on both the profit and balance sheet, as at December 31, 1980, which should reflect: increased after-tax profit and earnings per share; an increase of more than £50m in capital and reserves, and 40 per cent of the group engaged in merchant banking.

And, the directors add, they should reflect a market value of listed securties substantially in excess of cost, and a marked improvement in the group's gearing.

	Half year 1980 £000	1979 £000
Profit	11,677	8,350
Devel. capital	1,497	1,641
Insur. broking	1,120	1,253
Manufacturing	3,912	2,629
Distrib. & services	1,302	2,054
Oil expl., production	4,524	1,395
Central services cost	678	622
Interest payable	4,113	3,820
Pre-tax profit	7,564	4,530
Tax	3,811	1,860
Net profit	3,753	2,670
Minorities	33	217
Bank profit	1,150	505
Attributable profit	4,870	2,958

† After tax and transfer to inner reserve.

The reduction in profit from the distribution and services sector follows the flotation of Spring Grove last December, and the earlier sale of Edmundsons.

● comment

The structure of Charterhouse Group is shifting so rapidly that this year and last are hardly comparable. It is clear, however, that the first half waa exceptionally profitable in banking, with the increase in Japhet's capital, successful bullion trading and a high level of corporate finance work all contributing. The second half may be a little more pedestrian, though KU could chip in close to £2m and will bring with it useful tax losses. Trading profits from oil will obviously decline despite a higher output from Thistle but the interest charge here should be eliminated. Manufacturing is holding up surprisingly well and development capital should at least match last year's performance. All in all, the group could make £14m at the attributable level which, taking in the shares issued for KU over five months, produces a p/e of slightly over 8 on yesterday's price of 97p. The balance sheet is strong and understated but this nonetheless expects a lot of Charterhouse's ability to digest KU at a time when much of the oil revenue has gone.

London and European midway slip

PROFIT BEFORE tax of London and European Group, the property investment and dealing concern, amounted to £407,000 for the six months to June 30, 1980, compared with £441,000 last time.

Mr. J. B. McGuckian, chairman, says: "Considering the economic problems which beset business and industry, I feel that the profit is satisfactory. Present indications are that the 1980 results will be broadly in line with 1979."

The reduced turnover this time of £3.87m, against £6.3m, reflects tha sale last year of O. C. Summers. There was a tax charge of £183,000 (£200,000).

Earnings per 10p share were down at 1.9p (2p). The interim dividend is 0.7p net (0.6p). Last year's final payment was 0.76p, paid from pre-tax profits of £1m.

"All companies in the industrial division are currently operating profitably," the chairman says. "This has only been achieved by seeking every possible sales opportunity and keeping costs in line with current levels of demand."

Mr. McGuckian says the property division has concentrated on improvement rather than disposal and he is confident that by the year end it will have maintained its contribution to group profits.

MINING NEWS

Gencor forecasts increase in dividend this year

BY GEORGE MILLING-STANLEY

SOUTH AFRCA'S second largest mining concern behind Anglo *American, General Mining Union* Corporation (Gencor) is optimistic about prospects for the second half of the year after a 181 per cent rise in profits over the first six months.

Net profits for the first half rose from R44.9m to R126.2m (£70m), largely as a result of the strength of the bullion price this year. This produced earnings of 161 cents a share, compared with 107 cents for the corresponding period of last year and 235 cents for the whole of 1979. The interim dividend is doubled from 25 cents to 50 cents a share.

Gencor said yesterday that it expects this level of earnings per share to be maintained over the remainder of the year, which would give a full-year figure of 322 cents.

Based on a cover of 2.2 times, Gencor expects to pay a final dividend of about 95 cents, for a total payment of 145 cents, compared with last year's total of 100 cents.

No less than 50 per cent of first-half earnings came from precious metals. Gold and uranium contributed 41.5 per cent, with platinum adding a further 8.5 per cent. A little over 53 per cent of shareholders' funds are invested in these divisions.

The group said that the Beatrix gold mine, in the far southern part of the Orange Free State, should be brought into production within five years. The mine was acquired as part of the deal which brought Union Corporation into the former General Mining group.

The Beisa uranium mine, a little way north-west of Beatrix, is expected to be in production by next year — one year ahead of schedule. This could be a mixed blessing for Gencor, as the long-term supply contracts for the mine's output do not start until 1983. Nevertheless, the *mine's* by-product gold should provide some compensation for this.

In addition, Gencor said that overseas testing of coal samples from the huge Northern Transvaal coalfield is going ahead on schedule, and it should be possible for the group to assess whether the deposits are suitable for direct liquefaction processing to produce diesel fuel by the first half of next year.

Gencor shares put on 30p to 900p in London last night.

Setback for Tronoh Mines

THE MALAYSIAN tin producer Tronoh Mines experienced a setback in profits for the first half ended on June 30, following the disposal of its 51 per cent-owned subsidiary *Bidor Malaya Tin.*

Bidor, which produced the bulk of Tronoh's output of tin concentrates in the corresponding period of *last year*, has been ceded to Malayan Tin Dredging in exchange for shares in that company as part of the merger of six companies within the Malaysia Mining Corporation group.

The loss of Bidor cut Tronoh's output from 1,057 tonnes to 248 tonnes, and this reduced Tronoh's profit on mining operations to M$900,000 compared with M$6.26m, despite a 15 per cent rise in the average price received.

This was offset to some extent by higher income from dividends, boosted by the 28 sen per share special dividend declared by Bidor at the time of its absorption by Malayan.

Net profits for the half-year came out at M$5.07m (£994,000), down from M$8.57m *last time*. Earnings are shown at 49 sen a share, against 66 sen, and the interim dividend is cut from 80 sen to 55 sen.

First quarter fall at NCCM

NET PROFITS of Zambia's largest copper and cobalt producer, Nchanga Consolidated Copper Mines, for the first *quarter ended June 30 dipped* by 13.7 per cent to Kwacha 10.7m (£'.8m).

Output of copper concentrates fell from *96,510* tonnes to *92,379* tonnes, but this was offset by a rise of 8.6 per cent in the average proceeds received.

Lead and zinc output declined from 12,778 tonnes to 10,394 tonnes, and production of cobalt fell from 290 tonnes to 255 tonnes.

Western Mining doubles profit

HIGHER PRICES for nickel and gold *boosted* net *profits of* Western Mining Corporation (WMC), the major Australian mining house, for the year to June 24 by 133 per cent. Net profits were A$57.39m (£28.7m) or 22.4 cents a share compared with A$24.62m or 11.9 cents.

The final dividend is lifted from 5 cents a share to 7 cents, making a total for the year of 14 cents compared with 7 cents.

Although volume sales of nickel in all forms fell by 19 per cent to 40,300 tonnes, revenue from sales rose by 28 per cent to A$248.9m.

The average price received for gold during the year was A$437 per fine ounce compared with A$198 the previous year.

Dividends received were almost double at A$14.33m, against A$7.51m, mainly as a result of the performance of the wholly-owned BH South and the stake in Alcoa of Australia. The effects of these increases were offset to some extent by substantial increases in tax and exploration expenditure.

The net profit was struck before an extraordinary credit of A$5.35m, which WMC said largely reflected the net proceeds of the sale to BP Australia of a 49 per cent interest in the Olympic Dam project, which could one day become the biggest mine in the world.

BH South returned a net profit for the year of A$3.71m, compared with a loss of *A$573,000* last time. Earnings were 6.7 cents a share against nil.

GOPENG GROUP TIN OUTPUTS

The August outputs of tin concentrates by the companies in Malaysia's Gopeng group show that the leading producer in the group, Gopeng Consolidated, has managed to maintain output above the 160 tonnes per month level for the third successive month.

In the past 11 months Gopeng has produced 1,770¼ tonnes of concentrates compared with 1,781¼ in the *same period in* 1978-79. The only other member of the group showing a production increase over the same period last year is Tanjong.

Tanjong, the subject of two takeover bids in recent weeks from the D. Kuok family interests and later the Pahang group, has produced 193¼ tonnes of concentrates in the past eight months against 128¾ tonnes.

Pengkalen's 11-month output of 146¼ tonnes is well down on the 220¼ tonnes production in 1978-79 while Idris has mined 137¾ tonnes compared with 177¼ *tonnes in the same period last* year.

	Aug. tonnes	July tonnes	June tonnes
Gopeng	163½	165¼	162¾
Tanjong	32¼	38	26¼
Idris	15¾	17¼	15¼
Pengkalan	5½	7½	12

Craigmont's moly find

Preliminary exploration of the Red Bird *molybdenum* property 100 south of Smithers in British Columbia by Canada's Craigmont Mines has revealed one zone containing an estimated 20m tonnes of ore grading 0.21 per cent molybdenum oxide and an estimated 23m tonnes grading 0.13 per cent.

In addition a second zone is estimated to contain 10m tonnes grading 0.20 per cent.

Mr. R. G. Duthie, President of Craigmont, which holds an option on the property, says an estimated 12m tonnes at a grade of 0.20 per cent in the first zone would be amenable to open pit mining.

However, Mr. Duthie added that development of the property would require access through a provincial park, and the location *indicates* higher than average development and operating costs.

Further evaluation is required to establish the economic potential of the property, of which Craigmont may acquire either a 51 per cent participating interest or full ownership, subject to the vendors retaining a 25 per cent carried interest.

N. CENTRAL WITS LIFTS FINAL

New Central Witwatersrand Areas, an investment holding company *within the* Anglo American Corporation group, is to pay a final dividend for the year to August 31 of 52 cents, against 23.5 cents, after doubled net profits of R1.11m (£617,000).

This lifts the total payment for the year to 62 cents a share from 31 cents last time.

BIDS AND DEALS

Nelson David expecting lower profit in 1979-80

PROFITS OF Nelson David, the motor distribution company, for the year to March 31, 1980, are expected to be lower than the previous year's record level, with trading in the subsequent months proving very difficult.

In March, after reporting a rise of 75 per cent to £84,000 in interim profits, Mr. David Cooper, chairman, said profits for the full year to March 31, 1980, would not be less than the £169,000 of 1978-79.

But in the formal document on *company's £166,000 purchase* of the Robert A. Wilson (Boston) motor dealership in Lincolnshire, he says the downturn in the economy and the motor business, along with record interest rates have affected progress.

Thus the full results for 1979-1980 would not reach the level expected when the interim statement was made. Mr. Cooper says the early months of the present financial year have been particularly hard, with two sub*sidiaries running* at a loss because of high vehicle stocks at a time of lower sales. One of the two loss-makers is now back in profit, while the other two subsidiaries have remained in the black.

Just under 30 per cent of Nelson David's shares are held by Convey, a private company owned by Mr. Cooper and Miss *Perdita Erith, also a director.*

FW TO MOP UP MANCHESTER LINER SHARES

Furness Withy is to mop up the *remaining* shares in *Manchester* Liners, of which it already owns 99.2 per cent of the ordinary capital and 83 per cent of the preference.

This will be done by a scheme of arrangement under which the remaining shares not owned *by* Furness Withy, now part of the C. Y. Tung group, will be cancelled.

In return for each of the remaining 92,186 ordinary shares, holders will receive 220p cash from Furness Withy. For the 116,711 5½ per cent cumulative preference shares of £1 each, shareholders will receive 61p.

Once the scheme becomes effective, Manchester Liners will become a full subsidiary of Furness Withy, thus facilitating access to necessary short-term financial support and aiding the consolidation of its activities while the container traffic side is developed, especially on the main North Atlantic and Mediterranean services.

Manchester Liners directors said the scheme gave minority shareholders an opportunity to sell out at a price much higher than any other which they could expect to get in the foreseeable future.

The company's interim results to *June 30 are expected* to show only a very small pre-tax profit and no ordinary dividend is expected for the full year.

Midland Industries declines

ALTHOUGH TURNOVER of *Midland Industries* rose *from* £10.93m for the half year to March 31, 1979, to £13.72m for the half year to June 30, 1980, taxable revenue for the engineering and ironfounding holding company fell from £1m to £751,000.

The interim dividend is 1.1p net per 5p share. In the preceding 15 months, three dividends, each of 1p, were paid. The chairman, his wife and a director are waiving their entitlement to dividends totalling £47,000 (£42,000).

During the early part of the second half the order position has not been restored, say the *directors, and* a *forecast for* the full year cannot be made at present.

"However," they add, "the *company—with its modern plant* substantially increased capacity and efficient operation—is ready to meet the demands of the inevitable upturn in the economy."

With restoration of volume, possibly led by the British automotive industry based on new models, and the widened product range of the company, directors say it is possible to anticipate future profits substantially in excess of those previously achieved.

GRAND MET.— CORAL LEISURE

Grand Metropolitan picked up a further 1.675m shares of Coral Leisure Group yesterday to bring its stake up to 6 per cent of the company for which it has made an agreed bid of £81m. The purchases were made by its merchant bank advisers, S. G. Warburg, at a price of 90½p.

SPAIN

September 4	Price %	+ or −
Banco Bilbao	228	−1
Banco Central	256	+4
Banco Exterior	210	+2
Banco *Hispano*	229	+4
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	262	+10
Banco Urquijo	136	−2
Banco Vizcaya	240	+4
Banco Zaragoza	215	
Dragados	108	−15
Espanola Zinc	71	−1
Fecsa	62.5	
Gal. Preciados	33.5	+0.5
Hidrola	67.7	
Iberduero	63	−1
Petroleos	111	+2
Petroliber	80	−7
Sogefiea	107	
Telefonica	61.2	+0.2
Union Elect.	68.5	

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	330	22	11	50	—	60	—	349p
BP	360	13	20	30	—	44	2	"
BP	390	3½	29	19	34	—	—	"
Com. Union	140	36	2	38	10	46	—	171p
Com. Union	160	15	46	24	38	30	—	"
Com. Union	180	6	13	14	2	18	—	"
Cons. Gold	460	97	1	119	—	—	—	543p
Cons. Gold	500	62	14	83	16	108	—	"
Cons. Gold	550	35	—	56	6	78	—	"
Cons. Gold	600	16	3	33	—	—	—	"
Courtaulds	70	3	—	7	26	2½	43	62p
Courtaulds	80	1½	—	4	52	—	—	"
GEC	460	56	13	82	—	100	—	492p
GEC	500	31	3	56	—	74	—	"
GEC	550	11	31	31	1	48	—	"
Grand Met.	120	34	92	41	—	—	—	152p
Grand Met.	130	24	1	32	—	—	—	"
Grand Met.	140	15	—	24	1	22	—	"
Grand Met.	160	4½	10	13	—	19	1	"
Grand Met.	180	1½	—	6	1	12	3	"
ICI	390	4	—	16	1	27	—	364p
Land Secs.	293	88	3	—	—	—	—	373p
Land Secs.	363	35	4	42	3	—	—	"
Marks & Sp.	90	13½	—	12½	3	94½	—	103p
Marks & Sp.	100	7½	—	13	3	16½	—	"
Shell	420	16	55	34	—	44	—	405p
Totals			983		196		31	
		November		**February**		**May**		
Imperial Gp.	80	2½	2	10½	1	11½	4	84p
Imperial Gp.	90	3	—	6	1	7	—	"
Lonrho	94	10½	8	16	2	—	—	96p
Lonrho	104	8	10	10½	49	—	—	"
Lonrho	114	3½	65	6½	—	—	—	"
P. & O.	130	12	—	17½	1	21½	—	131p
Racal Elec.	260	59	9	73	—	—	—	308p
Racal Elec.	280	45	1	61	—	74	—	"
Racal Elec.	300	51	1	48	20	61	—	"
Racal Elec.	330	16	14	31	—	46	2	"
RTZ	500	20	18	45	—	65	1	462p
Totals			119		74		7	

UK COMPANY NEWS

Grimshawe rises to £192,000

Onturnover up by over 40 per cent at £6.32m, compared with £4.5m, taxable profits of **Grimshawe Holdings** rose in the year to end-April, 1980, from £169,530 to £192,455—an increase of 13.5 per cent.

Mr. Thomas Kenny, the chairman, says all the operating companies earned profits during the year—with Mangers paints, hand tools and the DIY divisions the principal contributors.

However, he warns that results for the first three months of the current year are below target. "We may make good the shortfall in the next three months but that is doubtful. For the full year there are some grounds for optimism, but we cannot be immune from the present recession," he says.

A dividend of 3p net is proposed, compared with 2p last time when payments were reintroduced after a lapse of six years.

Available profit showed a drop from £432,897 to £207,252 after interest marginally increased to £107,622 (£104,565) and extraordinary credits of £24,413, against £283,269. Dividends took £65,538 (£28,141) leaving a retained profit of £141,714 (£404,756).

Finance charges take toll on Morgan Crucible

DUE TO higher finance charges of £1.62m against £1.01m, taxable profits of **Morgan Crucible Company** fell from £6.89m to £6.5m in the first half of 1980. Sales for the period rose from £54.9m to £64.7m.

However, for a true comparison the directors say both sales and profit contributions from the company's two 1980 acquisitions—Franklin Oil Corp. and DIA Pty.—should be *deducted* from this year's first half. This would give sales of £61.81m and profits of £6.72m.

Refusing to make a forecast, Mr. Ian Weston Smith, chairman, says second-half profits will bear part of the non-recurring expense of two factory relocations as well as the final cessation of activity at Liege. At the same time, tha emergence of the group's new U.S. company will incur modest start-up costs, both this year and next. *Nevertheless*, the three investments have an interesting future.

In his interim statement, he reports that the majority of the group's UK customers are having a difficult time. There are soma pockets of *resistance* but It would he a mistaka to make too much of them.

Of the company's Battersea site, he reports that now the Government has apparently rejected Wandsworth Borough Council's *application* to make an area of North Battersea an enterprise zone, the directors will seek the right development partner with whom to make use of the planning permission granted on March 25, 1980.

	Six months 1980 £000	Six months 1979 £000	Year 1979 £000
Sales	64,705	54,880	113,388
Elect. carbon	15,890	14,025	28,333
Spec. carbns. & ceramics.	11,728	10,058	21,268
Thermic	21,506	19,387	40,313
Acom	12,265	8,131	19,421
Other prods.	3,315	2,279	3,954
Trading profit.	8,111	7,897	18,393
Elect. carbon	2,263	1,970	3,703
Spec. carbns. & ceramics	1,701	1,530	3,482
Thermic	2,855	2,737	6,031
Acoin	1,001	1,140	2,328
Other prods.	62	204	382
Holding com.	229	318	457
Inv. Income	—	—	327
Net fin. chrgs.	1,615	1,008	1,928
Profit bef. tax	6,496	6,889	14,792
Tax	2,594	2,560	5,153
Profit aft. tax	3,902	4,329	9,639
Minrties., Pref. dividends	224	205	695
Extraord. cred.	—	—	549
Attributable	3,678	4,124	9,493

First half earnings per 25p share are shown to have fallen *from 9.9p to 3.8p. The net* interim dividend is beld at 4.5p. Last year's total paymeot was 7.5p from profits of £14.79m.

● comment

Morgan Crotible has eked out a 3 per ceot gain at the trading level and maintained its operating margins although interest costs pulled down profits at the pre-tax level. The thermic division suffers from the continuing floundering at British Steel Corporation and Acorn's lubricants and artists' materials businesses have been weakening for several months. Margins on overseas sales (58 per cent of the total) have been more resistant to recession tban those of the UK. Little improvement if any is likely in the secood balf and the costs of plant re*locations* and *closures* could bring profit for the year down to perhaps £13.5m. At that level, the shares, at 139p unchanged, still trade at a decent 10 times fully taxed prospective earnings. On a maintained final *dividend, the yield would* be almost 8 per cent.

Laganvale rights issue

Laganvale Estate, the Belfast property group in which Mr. Jim Slater has a significant interest, has announced details of a rights issue intended to finance the £1¾m purchase of a property in Brighton.

Shareholders will be invited to subscribe for one new share at 30p for every two already held. In the market the shares dropped by 2p to 33p.

Mr. Slater, who owns 16.24 per cent of Laganvale through Strongmead, his property company, and Mereghyll Investments of Jersey, together with the directors, will take up their rights for their 26.1 per cent.

The rights issue will supply part of the funds needed to complete the purchase of Mitre House, Western Road, Brighton. Laganvale exchanged contracts to buy this property on August 14 for £1.47m.

The issue, which is to be underwritten by Fiske and Co., comes just nine months after a two-for-three rights, and just over three months since the group issued 373,000 shares for the purchase of a small estate agent and property group.

Blackwood Hodge expects to maintain total dividend

FIRST-HALF sales of Blackwood Hodge, the earthmoving equipment sales and service group, rose 13.6 per cent to £154.5m but pre-tax profits were down 11.8 per cent from £4.34m to £3.82m.

However the group is well placed commercially, technically and financially to take immedate advantage of any improvement in world trading, the directors say. They are maintaining the interim dividend at 1p per share and expect to recommend an unchanged total for the year of 2.5p.

Basic earnings per share for the first half are stated as 1.94p against 2.46p and 1.86p (2.34p) fully diluted.

In the UK, the group has taken on the franchise for the John Deere range of industrial products for substantially all of England *and Wales. This has* made it necessary for competitive reasons to give up the JCB franchise for sonth-east England operated by the Berkeley JCB subsidiary.

This company has been sold since June 30 for a cash consideration calculated on the net asset value at August 29—estimated at £1.3m—plus £750,000.

Blackwood is also negotiating for the purchase of a business which will give entry to the British Columbia and Alherta markets in Canada.

	Six months 1980 £000	Six months 1979 £000
Sales:		
UK	54,413	41,189
Europe	28,929	29,745
Africa	18,387	17,708
Australia	22,929	18,087
Asia	2,800	2,926
North America	26,052	26,365
Total sales	154,510	136,020
Trading profit	9,878	10,678
Interest	8,133	4,632
Share Nigerian assoc.	81	291
Exceptional debit	—	2,000
Profit before tax	3,824	4,337
Tax	2,180	2,150
Net profit	1,644	2,187
Minorities	60	185
Exchange deficit	815	630
Pref. dividends	45	45
Attributable	723	1,326
Interim ordinary	794	794
Unappropriated deficit	71	*532

* Surplus.

Borrowings are very largely dependent on the level of inventories of new and used equipment and spare and replacement parts, the board states. Steps have been and are being taken to reduce equipment inventories wherever possible, but no important reduction is possible in parts *inventories* if the group is to maintain its after-sales service to customers.

● comment

After seeing last year's interim profits almost halved, in part because of the provision agaiost Hydrocon, a further profits slip from Blackwood Hodge is disappointing. The company primarily blames currency translation losses, which for example converted a sales gain of 17 per cent in Canada to a 1.2 per cent fall in sterling terms. Equally important is depressed demand which, with the exception of Australia, must be placing heavy pressure on margins. The group is responding to the competition by keeping up stocks in order to make fast deliveries. This may prove sound in the long-run but the recent losses in Caoada, where interest charges more than wiped out tradin gprofits, illustrate the short-term dangers. The Nigerian associate, which is reporting on the six months to last December, has sioce improved considerably and the uncovered interim is an expression of confidence, so the group could make £8m for the year, prodncing a fully-taxed p/e of almost 9 on yesterday's price of 41½p. The yield is 8.6 per cent on the forecast final.

ALLNATT LONDON PROPERTIES LIMITED

ANOTHER SUCCESSFUL YEAR

The 18th annual general meeting of Allnatt London Properties Limited was held on 4th September, 1980, in London, Mr. L. H. Smith, Chairman and Managing Director, presiding.

Results

Shareholders will appreciate my pleasure in reporting that the Company has enjoyed another successful year, and that the forecasts I made in my last Statement were, to say the least, conservative.

Rents receivabla during the year were a little short of £6½m. *and interest on cash deposits* was again bigher than last year by £300,000. At the end of the year the rent roll just exceeded £7½m. Profit before tax was over £5m. and the reserves are now over £9m.

I think, however, it is prudent to say that increases in the rent roll can be misleading. Whether a new development is completed and becomes rent-producing shortly before or after a year-end there is an effect on the *results of two financial* years. A rent review on a high earning property will increase the rent roll, not only in tha year in which it occurs, bnt in succeeding years as well, although it will only affect the percentage uplift in the year in which the review is operative. A similar situation arises with first lettings.

Dividends

The final dividend proposed is 3.2p per share which, with the interim *dividend of* 0.5p per share already paid, makes a total of 3.7p, an increase of nearly 15% on the equivalent for last year.

Prospects

The immediate prospects for the nation's industry generally *can now only* be considered as gloomy but I believe, and earnestly hope, that our present government is, at last, pursuing the policies which have been deferred for too many years.

Shareholders will no doubt have noticed the conflicting opinion recently expressed about the outlook for the property sector. In this, I remain an optimist.

The amount of development which the Company has in progress continues to be satisfactory. It is, however, a sad reflection on the times that, in the short term, the Company could earn more for its shareholders by placing surplus funds on deposit than by using them *for further developments.* The Company's function, however, is not that of a Bank and it will continue to use its resources to add to its permanent assets.

The recent minimal reduction in lending rates is a welcome *step in the right direction.*

Forecasts

The outlook for the Company continues satisfactorily and I anticipate that for the year to 31st March, 1981:—

(a) Rents receivable will be *about £8m.*
(b) The rent roll will approach £8¼m. at the year end.
(c) Interest received will be down by more than £300,000.
(d) Before tax profit will exceed £6m.
(e) Retained profit will be sufficient to take the reserves to over £11m.

The Report and Accounts were adopted.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

QUARTERLY REPORT
OPERATING AND FINANCIAL RESULTS

	Quarter ended 30.6.80	Quarter ended 30.6.79	Year ended 31.3.80
PRODUCTION (Tonnes)			
Copper	92 379	96 510	359 816
Lead and zinc	10 394	12 778	46 548
Cobalt	273	290	1 258
SALES (Tonnes)			
Copper	78 772	91 705	363 815
Lead and zinc	9 403	15 164	55 608
Cobalt	255	289	1 009
Average proceeds per tonne—copper	K1 684	K1 554	K1 690
		K millions	
Sales revenue—all metals	151.2	166.0	701.7
Cost of sales	130.5	125.2	546.1
	20.7	40.8	155.6
Interest payable less receivable	(6.0)	(6.2)	(24.0)
Shares of associated companies profits/(losses)	0.1	0.0	(0.4)
Profit before taxation	14.5	34.6	131.2
Taxation	(4.1)	(22.2)	(75.0)
Profit after taxation	10.7	12.4	56.2
Profit/(loss) brought forward	—	20.5	20.5
Appropriations:			
Preference shares—redemption and dividends			0.1
General reserve	—	(1.7)	67.3
Dividend on 'A' and 'B' shares	—	—	9.3
Profit carried forward	10.7	34.6	—
	10.7	32.9	76.7

NOTE: On the 1st September, 1980, K1=US$1.27776 and K1=UK£0.53404 (On the 14th July, 1980, K1=US$1.29251 and K1=UK£0.54410).

Lusaka
3rd September, 1980

Daejan Holdings Ltd.

Year ended 31st March 1980

Pre-tax Profits	**£4,192,000**
Earnings per share	**17.02p**
Dividends per share	**3.50p**

Mr. B.S.E. Freshwater, Chairman reports:-

- Rental income and property sales were well maintained, despite adverse factors.
- Commercial properties continue to generate satisfactory income growth.
- *Our new investment in the United States* should produce some profit in the current *year.*
- I am confident that the steady upward trend in rental income *will be maintained but* profits will still be subject to interest rates and the level of activity in the property market.

Copies of the Company's full Report and Accounts may be obtained from: The Secretary, Daejan Holdings Limited, Freshwater House, 162 Shaftesbury Avenue, London WC2H 8HR

The Charterhouse Group

Interim Report

Results

Attributable Group profit after tax for the first six months of 1980 shows an increase of 65 per cent over that of the corresponding period of 1979.

This has resulted from a considerable increase in oil revenues and significantly increased profit from the merchant bank, as well as from the manufacturing sector. This latter sector has shown some resilience during the current recession, despite the effect of strong sterling on exports. The reduction in profit from the distribution and services sector follows the successful flotation of Spring Grove in December 1979 and the earlier sale of Edmundsons.

Dividend

The directors have declared an interim dividend of 1·75p (1979 – 1·60p) per fully paid ordinary share. This will absorb £2,626,000 (1979 – £1,484,000) and will be paid on 30th September 1980 to shareholders on the register on 19th September 1980.

Results for the half year ended 30th June 1980

£'000

	Half year ended 30.6.80	Half year ended 30.6.79	Year ended 31.12.79
The Group excluding the bank			
Profit before interest payable			
Development capital	1,497	1,641	3,581
Insurance broking	1,120	1,253	1,481
Manufacturing	3,912	2,629	5,680
Distribution and services	1,302	2,054	5,536
Oil exploration and production	4,524	1,395	3,439
Central services	(678)	(622)	(1,135)
	11,677	8,350	18,582
Interest payable	4,113	3,820	8,236
Profit before taxation	7,564	4,530	10,346
Taxation			
United Kingdom	2,522	1,050	833
Overseas	1,289	810	1,813
	3,811	1,860	2,646
Profit after taxation	3,753	2,670	7,700
Minority shareholders' interest	33	217	264
Attributable profit after taxation	3,720	2,453	7,436
The bank			
Profit after taxation and transfer to inner reserve	1,150	505	1,388
Attributable Group profit after taxation	4,870	2,958	8,824
Earnings per ordinary share	4·88p	3·12p	9·25p

Prospects

The profit improvement is after a tax charge of 50 per cent but this rate is expected to be lower for the full year.

Since 30th June 1980 the Group has changed considerably, notably by:

- the acquisition of Keyser Ullmann Holdings, the merchant bank, for the issue of Group shares
- the flotation of the Group's oil exploration and development interests, the Group retaining 48·4 per cent of Charterhouse Petroleum
- the sale of the Group's 100 per cent interest in its insurance broking subsidiary, Glanvill Enthoven & Co.
- the placing under Rule 163(2) of shares in United Electronic Holdings, the Group retaining a 26·5 per cent interest

These events will have a substantial effect on both the profit and balance sheet of the Group at 31st December 1980, which should reflect:

- increased after-tax profit and earnings per share
- an increase of more than £50 million in capital and reserves
- 40 per cent of the Group engaged in merchant banking activities
- market value of listed securities substantially in excess of cost
- a marked improvement in the Group's gearing

These changes place the Group in a much stronger position and broaden the base for it to increase its investments, particularly in medium-sized businesses, and to expand its merchant banking activities.

Although the recession and the impact of strong sterling will have an adverse effect on some of the businesses in which the Group is invested, the year end should show a strong position both in asset and earnings terms.

The Charterhouse Group
Investment and Banking

Copies of the Interim Report are obtainable from
Group Communications Department, The Charterhouse Group Limited, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Telephone 01-248 3999.

Pullman nearing the end of a bumpy ride

BY PAUL BETTS IN NEW YORK

PULLMAN, the Chicago railway car manufacturer which gave passenger train services a certain aristocratic elegance in the first half of the century, is now about to terminate its own and far more bumpy ride on Wall Street.

The troubled company, which includes the Pullman Kellogg process engineering concern, plagued for some time by financial and management problems, has been the object this summer of a hard fought and unusual takeover battle which heated up this week to the surprise of even the least excitable members of the Wall Street community.

The battle has basically involved Pullman's attempts to ward off a hostile takeover bid by J. Ray McDermott, the New Orleans oil rig contractor and energy engineering group which acquired Babcock and Wilcox, the steam generating equipment manufacturer in another tough takeover fight two years ago.

After making what Pullman regarded as "an insulting" offer and subsequently apparently *underestimating* the competition, McDermott, at this stage at least, seems set to lose *the contest to Wheelabrator*-Frye, a more modest concern in terms of size and sales and with a reputation for giving in easily when the bidding gets rough.

McDermott originally made an unsolicited offer to buy 2m Pullman shares for $26 each on June 30, in an attempt to increase its stake in the Chicago company to about 23 per cent. But Pullman looked upon McDermott's bid as an affront, sought an injunction and started looking around for a "White Knight" to rescue it from McDermott's clutches.

After contacting more than 60 companies, it finally found Wheelabrator-Frye, a manufacturer of pollution control equipment and synthetic fuel systems, half the size of Pullman as regards assets and sales revenue, which had been outbid by the British BTR concern for control of Huyck, the U.S. paper industry supplier.

Pullman and Wheelabrator *subsequently* announced two weeks ago an agreement to merge their operations in a deal worth an estimated $432m. The agreement involved a friendly bid by Wheelabrator for between 2m and 4m Pullman shares at $43 a share and an option to buy all the assets and liabilities of Pullman's engineering and construction business for $200m.

Wheelabrator-Frye's stoutly fought battle for control of Pullman, the freight and passenger car company, has proved a surprise not only for J. Ray McDermott, the rival bidder, but also on Wall Street where Wheelabrator had not previously shown much liking for bid contests.

But McDermott came back into the fight last Friday topping *Wheelabrator's* bid *by* offering $43.50 a share for as many as 6.3m of Pullman's 11.1m outstanding shares, which would have given it a 61 per cent controlling interest in the Chicago company.

Wheelabrator and Pullman, however, retaliated and on Thursday, surprising the market, Wheelabrator announced a revised deal with Pullman involving a substantialy higher $52.50 a share offer for 3m Pullman shares coupled with a definite agreement to buy for $200m Pullman's engineering and construction subsidiaries.

The most unexpected aspect of the announcement was that Wheelabrator had in the past tended to keep out of the rough and *tumble of expensive* bidding battles. But Wall Street analysts suggested yesterday that Wheelabrator, after *being approached* first by Pullman over a possible merger, had now clearly come *round to regard the deal as an* attractive opportunity to fulfil its expansion ambitions.

The revised agreement now leaves Wheelabrator in a very strong position to win the battle and suggests at least in price terms, Wheelabrator intends to knock McDermott out of the game, one broker remarked.

The price of $52.50 a share has also surprised some people considering Pullman's current bleak management and financial problems. The Chicago company, with sales of $3.2bn *last year, reported* a $3.8m loss in the second quarter of this year.

Moreover, in recent years, *Pullman* has suffered considerable management upheavals, with as many as 100 executives *leaving the company.* It has suffered huge write-offs on its now discontinued passenger railway car manufacturing operations and is currently being sued for more than $100m in damages by New York City for alleged faults in the 784 underground carriages it supplied to the city's transit authority.

But despite its present troubles, Pullman has been regarded as a potentially attractive takeover candidate largely because of its Pullman Kellogg division, a leading designer and manufacturer of petrochemical plants. Indeed, throughout the takeover battle, both McDermott and Wheelabrator have had their eyes primarily set on the Kellogg subsidiary to strengthen their respective *energy* operations.

At the same time, Pullman, according to some estimates, is the world's largest builder of railway freight cars. And although the business has been hit by the current recession, it is generally considered to have promising longer term prospects.

In recent weeks, Wheelabrator has not disguised its interest in Pullman. Mr. Michael Dingman, the company's chairman, said that with the Pullman Kellogg division, Wheelabrator would be "poised, as an organisation uniquely capable of providing engineering and technical expertise as the world moves towards alternative energy systems and synthetic fuels." He also added that renewed *interest in coal* was likely to eventually boost Pullman's freight car business.

Wheelabrator, known for its aggressive management, sees Kellogg tying neatly in with its engineering activities by strengthening sectors in which the company is still relatively weak. Kellogg is *regarded* to be strong on the oil refining, petrochemical, fertiliser and natural *gas* processing sectors, while Wheelabrator is strong in pollution control, synthetic fuels and paper and pulp.

Under Mr. Dingman, Wheelabrator has undergone considerable *expansion during* the last decade, with sales growing from $210m in 1971 to $947m last year. It has grown as a result of a series of selected takeovers, but until the company's *current* and most ambitious takeover bid to date, it has tried to avoid the arena.

Lone Star pulls out of cement takeover

By Ian Hargreaves in New York

LONE STAR INDUSTRIES, *the* largest U.S. cement producer, has pulled out of an $11m bid to take a 50 per cent stake in *the* Bahamas Cement Company because of objections from *the* Federal Trade Commission.

The FTC, which has resisted many proposed combinations in the highly fragmented cement industry, apparently felt that Lone Star's position is already strong enough in *the* south-east construction market of the U.S.

Lone Star said it had withdrawn after discussions with the FTC. Earlier this year the company was able to complete two acquisitions in Oklahoma and Illinois.

Still unresolved is a major *takeover deal involving* the acquisition by Heidelberger Zement of West Germany of the entire cement assets of U.S. Steel for $138m.

The FTC has objected to this proposal on competition grounds because Heidelberger already owns a major Pennsylvania cement company, Le High Cement.

But in spite of indications from the FTC that the deal has been *called off*, the companies are apparently still examining the possibility of going forward, perhaps after U.S. Steel or Le High divest themselves of interests which are most sensitive to competition problems.

General Electric in bid talks

By Our Financial Staff

GENERAL ELECTRIC Company, the U.S. electrical equipment and electronics group, is holding takeover talks with Intersil, a California semiconductor maker.

GEC intends offering $35 a share for Intersil, which puts a total value on the deal of about $216m. The bid is subject to the approval of the boards of both companies and of the Intersil shareholders.

In its bid for a captive source of semiconductors General Electric is acquiring a company which in its last full year to September 30, 1979, achieved profits of $10.3m, or $1.65 a share, on sales of $140.2m.

For the first nine months of the current year Intersil's profits were running at a similar rate at $7.6m, or $1.23 a share. Sales for the period were at a higher level, how*ever, at $125m for the nine* months. The impact on GEC's figures will be marginal as for *1979 profits* totalled $1.41bn on sales of $22.46bn.

C$1bn bid for Kaiser Resources

By Our New York Staff

BRITISH COLUMBIA Resources Investment Corporation (BCRIC), the Vancouver-based investment group once owned by the provincial Government, has bid C$55 a share for Kaiser Resources in a move which may have implications for the contemplated liquidation of Kaiser Steel, the large Californian steelmaker. The offer, conditional on acceptance of at least 51 per cent of the shares, values *Kaiser Resources* at $1bn.

The move is a surprise as only four months ago the company abandoned options to buy a stake in Kaiser Resources for $44 a share after criticism that it was paying too much.

The Kaiser Steel board will meet today to decide whether to sell its 25 per cent stake in Kaiser Resources for around $250m. It will also consider management consultant's reports on whether it should completely liquidate itself, having sold off most of its valuable non-steel operations in the last year.

Kaiser Steel's 25 per cent holding in Kaiser Resources is, *in fact,* the last of its *significant* non-steel assets. The steel business has lost money in 16 consecutive quarters and there seems little hope of reversing this trend.

BCRIC hopes to get, in addition to the Kaiser Resources shares owned by the steel company and by Mr. Kaiser, the chairman, the shares owned by the general public (some 30 per cent) and by Kaiser *Resources* itself.

Mitsubishi in U.S. oil venture

By Paul Betts in New York

AMINOIL, the oil subsidiary *of R. J. Reynolds*, the tobacco and shipping group which took over the U.S. assets of Burmah Oil, and Mitsubishi, the Japanese trading group, agreed yesterday to jointly explore for oil in the Western U.S.

Although not the first such agreement, the venture is *regarded as significant* in that it reflects growing Japanese interest in U.S. oil exploration.

Aminoil said yesterday 15 wells in the Rocky Mountains region and the Permian basin oil province of Texas would be drilled during the term of the agreement, which expires at the end of next year.

Mitsubishi will earn an average of 20 per cent of Aminoil's interests in the prospects in return for sharing the costs of lease acquisition, geological and geophysical evaluation and drilling.

Second quarter loss for World Airways

By Our New York Staff

WORLD AIRWAYS, the Cali*fornian* carrier which has cast itself in the role of David *versus* the Goliath airlines in *a number of fare cutting* battles this year, lost $4.5m in the second quarter.

This takes the airline's losses so far this year to $16m, which compares with net income of $10.1m in the same period last year.

These losses mean that World *Airways is almost* certainly heading for the worst year in its history—a year which has *been marked* by the airline's aggressive participation in rates wars on New York-West *Coast* services, as well as on a number of international routes.

Mr. Edward Daly, the chairman of the company and owner of 82 per cent of its stock, has frequently said that he does not care about losses. "I'm a man of wealth. It doesn't bother me a damn bit," he was quoted as saying.

World had sales in the second quarter of $62.4m, up from $49m

Higher smelting costs cut gain at Straits Trading

BY GEORGIE LEE IN SINGAPORE

STRAITS TRADING, the major tin and investment holding group, reports sharply improved earnings for the half-year ended June. Group pre-tax profit went up by 34.2 per cent to S$44.95 (U.S.$21.2m) from its level of the same period last year, while profit after tax and minorities rose 37 per cent to S$25.3m.

The trading profit was 26.4 per cent up on last year's first-half figure at S$24.88m, though running at about the same level as in the second half of 1979.

The reason for this slowdown in growth, the company said, lay in rising smelting costs, which eroded the higher income resulting from firmer commodity prices and sales from stocks of materials in hand.

Notwithstanding the fact that the tin metal price is currently lower than earlier in the year, Straits Trading has forecast that trading profit in the second-half will be approximately the same as that in the first half-year.

The group's investment income increased sharply, by 48 per cent to S$18.8m as a result of increased earning and distributions by mining and plantation companies, including two substantial dividends deferred by the paying companies from 1979 to 1980.

The group expects investment income in the second half-year to be lower, but the full year figure to exceed that of 1979.

Yankee pricing on Sweden bond

BY FRANCIS GHILES

A $150M five-year fixed interest bond issue for the Kingdom of Sweden was launched by S. G. Warburg last night.

Contrary to usual Eurobond market practice no coupon or price for the bond is being indicated by the lead manager. Instead this issue will be offered on a yield basis. The yield indicated by the lead manager, 12.20 to 12.30 per cent, *is in line with paper of* comparable quality and maturity in the secondary market.

This "Yankee" pricing technique is not new. The same bank introduced it to the Eurobond market when they offered notes for the *same* borrower a little more than 12 months ago. It has been used in some instances since.

The new issue includes an early call provision. The bonds can be called in by the borrower during the past year at 100½ and at par during the *fifth year.*

Dollar bond prices rose by nearly a full point yesterday morning but slipped back later in the day to close with net gains of around half a point.

The buying spree was fuelled by a further fall in interest rates; the six month Eurodollar rate shed ¼ of a point to finish the day at 11¾. Some profit-taking pushed prices down towards the middle of the day and during the afternoon.

Deutsche Mark bonds posted gains of a ¼ of a point while Swiss franc bonds slipped by ¼ of a point. The DM 100m eight-year bond for Nuclearbras has been completed, through Deutsche Bank. The borrower *is paying* a coupon of 9¼ per cent and the issue price is par.

Asland to invest $200m in Brazil venture

BY RIK TURNER IN SAO PAULO

THE SPANISH cement company, Asland SA, is to invest $200m on the construction of what it claims will be the biggest cement factory in Brazil, producing 1.4m tonnes a year when in full production.

The factory is to be built in the southern state of Parana, which contains Brazil's biggest deposits of limestone, estimated at 4.6bn tonnes, and Asland has already secured its limestone requirements with a local company.

The Spanish company, which is responsible for 23 per cent of cement production in its own country, *will be partnered in* the venture by Fibase, the Brazilian Government's financing organ and by a private Brazilian group yet to be determined. The Brazilian group and Fibase will retain 66 per cent of the capital.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	95	95½	−0¼	−0⅛	13.53
CECA 11½ 88	100	94⅜	94⅞	+0⅛	+0¼	12.60
Citicorp O/S Fin. 10 88	300	91⅛	91⅝	+0⅝	+1⅛	12.13
Con. Illinois O/S 9¾ 85	150	89⅛	89⅝	+0½	+0¾	12.40
Denmark 11⅜ 90	100	93½	94	+0⅛	+0⅞	12.89
Dome Petroleum 13½ 92	50	101¼	101¾	+0⅜	+2⅛	13.21
EEC 11 95	75	88⅛	88⅝	+0⅝	+1¼	12.77
EEC 11 96	70	88¾	89	+1⅞	+1⅛	12.73
EIB 11¾ 92	80	92	93	+0¼	+1⅛	13.02
EIB 13¾ 90	100	103⅜	103⅞	+0¾	+1⅞	13.04
Eksportfinans 11¾ 87	50	95¾	96¼	+0⅜	+1⅛	12.15
Eksportfinans 9½ 87	75	86⅜	86⅞	+1⅛	+1⅛	12.50
Elec. de France 10 88	125	88⅞	89⅜	+0½	+1¼	12.22
Export Dv. Cpn. 12¾ 87	100	101⅝	102⅛	+0½	+2	12.23
Export Dv. Cpn. 9½ 86	150	90¼	90¾	+0⅛	+1¼	11.87
Federal Dev. Bk. 12¼ 85	75	101	101½	+0½	+1⅜	11.85
Fin. Exp. Credit 10½ 85	50	92⅜	92⅞	+0¼	+0⅝	12.61
Finland Rep. of 9½ 86	100	87½	88	+0⅛	+1⅜	12.68
Ford O/S Fin. 12⅝ 85	250	98⅛	98⅝	+0½	+1⅝	13.06
George Weston 13½ 87	30	†101	101½	+0¼	+1⅛	13.17
GMAC O/S Fin. 11 84	100	96½	97	+0½	+0¾	11.97
GMAC O/S Fin. 13⅜ 85	100	102¾	103¼	+0⅝	+1	12.43
Goodyear O/S 12½ 87	75	98¼	98¾	+0⅝	+1	12.81
Hudson's Bay 11½ 90	75	92¼	92¾	+0⅜	+1½	12.87
IAM Canada 10½ 85	50	96	96½	+0½	+1⅛	11.53
ICI Fin. Ned. 11 83	100	98	98½	+0⅛	+1	11.73
Int. Harvester 12¾ 85	115	98⅝	99⅛	−0⅛	+0⅝	12.98
McGraw 13½ 85	75	100¾	101¼	+0⅝	+1¼	13.14
NatWest Ind. 13⅜ 87	50	100¾	100⅞	+0⅝	+1¼	13.46
Nova Scotia 10¾ 90	50	91⅞	92⅜	+0⅜	+2	12.18
OKB 10 85	50	93¾	94¼	+0½	+1⅛	11.67
Pembroke Capital 9⅝ 87	100	†88½	89	+0¼	+1⅛	12.12
Pemex 11⅛ 88	100	92¾	93½	+0⅛	+0⅜	12.98
Quebec Hydro 11½ 92	100	91⅞	92⅜	+0⅝	+1⅛	12.81
Rapsteel O/S 11⅛ 88	100	88½	89	0	+0⅛	13.93
Raylease Ltd. 11¼ 85	50	96⅝	97⅛	+0⅜	+0⅞	12.12
SNCF 12⅜ 85	50	100¾	101¼	+0⅝	+0⅝	12.04
Swed. Ex. Cred. 12½ 85	40	100⅛	100⅝	+0⅜	+0⅝	12.34
UB Finance BV 11 90	50	88⅞	89⅜	+0⅛	+1⅛	13.00
Unilever NV 9¾ 90	100	85¼	85¾	+0¼	+0⅞	12.36
World Bank 9⅝ 85	200	91⅛	92	+0⅝	+1¼	12.10
World Bank 10¼ 87	[illegible]	91¼	91⅞	+0¼	+1½	12.11

Average price changes... On day +0½ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	101⅝	102¼	+0⅛	−0⅛	8.73
Australia 8¼ 90	250	100¾	101	+0⅜	−1⅛	8.02
BFCE 7¾ 87	100	98	98½	+0⅛	−0⅛	8.10
BFCE 8⅛ 95	100	99	100	+0⅝	+0⅜	8.18
Brazil 8 87	150	87⅜	88⅛	+1⅛	−2⅞	10.58
Council of Eur. 7¾ 88	100	94½	94⅞	−0⅝	−0⅛	8.18
Denmark 7⅞ 88	100	98¼	98	+0⅝	+0⅝	8.18
Denmark 8¾ 92	100	99½	99⅞	0	+0⅛	8.31
EEC 7⅞ 94	225	96⅞	97⅜	+0⅛	+0⅛	8.21
Finland Rep. of 8 88	150	98⅝	99⅛	−0⅝	−0⅛	8.20
Iberduero SA 8 90	100	99½	100¼	+0⅜	+1⅛	9.01
Kobe, City of 7⅜ 89	150	94⅛	94⅝	0	+0⅜	8.00
Kobe, City of 8 90	100	99¾	100½	+0⅛	+0⅝	7.97
Mt. Bk. Denmark 8½ 90	150	99¾	100¼	+0⅝	+0⅛	8.53
Norway 7½ 85	250	99	99½	+0⅛	−0⅜	7.66
OKB 7⅛ 88	100	94⅝	95⅛	0	−0⅛	8.17
OKB 8⅛ 92	[illegible]	99¾	100	+0⅛	0	8.29
Oslo, City of 8⅜ 90	[illegible]	102⅜	102⅞	+0⅛	0	8.33
Sweden 9¼ 87	200	106⅜	107⅛	0	−0⅜	8.36
World Bank 8 90	700	99	99½	+0⅝	+0⅝	8.09
World Bank 7¾ 90	250	97⅜	98⅛	+0⅛	+0⅛	8.22
World Bank 10 86	150	106½	107¼	+0⅜	−1	8.40
World Bank 10 90	200	109¾	110½	+0⅝	−0⅜	8.47

Average price changes... On day [illegible] on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5⅜ 89	80	91¼	91¾	−0⅛	+0⅞	5.83
Bergen, City of 4¾ 91	40	†93	93½	−0⅛	+1⅛	5.59
Bergen, City of 8 90	50	102⅝	102⅞	−0⅛	+1	5.62
BNDE 5 89	75	83⅜	83⅝	−0¾	−0¼	7.86
BMW Overseas 4¼ 91	100	92¼	92⅝	−0⅛	−0⅛	5.15
Buhrm'n-Tetterode 7 90	40	104¼	104½	0	+0⅝	6.37
Caisse Nat. Tele. 4⅛ 89	100	94	94¼	−0⅛	+0½	5.21
Copenhagen 4½ 91	90	86¾	87	−0⅞	+0⅛	6.17
Council of Eur. 5 89	100	94¾	95	0	0	5.73
Denmark 5¾ 90	80	100	100¼	−0⅛	+0¾	5.73
EIB 4⅜ 84	100	84½	84¾	−0½	+1⅛	8.03
Elec. de France 4⅛ 89	100	93⅝	93⅞	+0⅛	−0⅜	6.27
F. G. H. Hypo. Bk. 6 90	50	†103	103½	0	0	5.56
GZB 4¾ 89	100	88⅜	88⅝	−0⅜	+1⅝	5.91
Hilti 4½ 91	36	†91½	92	−0⅛	+0⅜	5.24
Int.-Amer. Dev. 4½ 89	100	91½	91¾	−0⅜	+2	5.72
Int.-Amer. Dev. 7 90	80	105½	105¾	0	+0½	6.20
Jutland Tele. 5½ 90	50	99½	99¾	−0⅝	+2¾	5.55
Malaysia 5 89	80	89⅝	89⅞	−0⅝	+3	6.53
Newag 5¾ 90	80	101¾	102	+0⅛	+1⅛	5.50
Nippon Tel. & T. 4¾ 89	100	93⅝	93⅞	+0⅜	+1⅛	5.18
Nordic Bank 5 89	45	95¾	96½	+0⅛	+1¼	5.67
Norges Komm. 4⅜ 91	100	89	89¼	−0⅝	+1½	5.72
OKB 4⅜ 91	100	89	89¼	+0⅛	+2½	5.72
OKB 6 90	100	†103	103¼	−0⅛	+2⅝	5.56
Oslo, City of 4⅜ 91	100	87⅞	88⅛	−0¼	+1¼	5.87
Sekisui Pre. Hmg. 5 90	80	103¼	103½	−0⅛	+0⅛	5.54
Shikoku El. Pwr. 4¾ 89	100	94	94¼	−0⅛	+1⅛	5.60
World Bank 4⅝ 89	100	92	92¼	−1⅛	−3⅜	5.78
World Bank 4⅜ 89	150	90⅛	90⅜	−0⅛	+3	5.73
World Bank 4⅝ 91	100	89⅞	90⅛	+0⅛	+2⅛	5.87

Average price changes... On day −0⅛ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅛	92⅛	0	−0⅝	8.69
Australia 6½ 88	20	88	89	0	0	8.64
EIB 7¾ 89	12	96⅝	97⅛	0	−0⅛	8.23
Finland 5.8 83	10	91	92	0	−0⅛	8.79
Finland 6.8 88	10	87⅜	88⅜	0	−0⅛	9.02
Finland, Rep. of 8⅛ 87	15	87	88	+0¾	−0⅛	8.87

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	92½	93½	+0½	+0⅛	12.48
CIBC 13½ 85 C$	50	100⅜	100⅞	+0⅛	+0⅛	13.26
CIBC 11½ 85 C$	60	95½	96	+0⅛	+1¼	12.70
Federal Dev. 11⅛ 90 C$	60	89¾	90½	+0⅛	−1⅛	13.34
Fed. Can. Inv. 10 84 C$	50	91⅛	92⅛	0	+0⅜	12.85
GMAC 12 85 C$	50	†98	98½	+2¼	+0½	12.47
R. Bk. Canada 10 86 C$	40	91⅛	91⅞	+0⅛	−0⅛	12.12
Tordom Cpn. 13½ 85 C$	30	100½	101	+0⅛	0	13.22
M. Bk. Dnmk. 9 91 EUA	25	94	95⅛	+0⅛	+0⅛	9.80
SOFTE 8¾ 89 EUA	40	88½	89¼	+0⅛	+0½	10.19
U. Bk. Nrwy 9½ 90 EUA	18	99¾	100½	+0⅛	0	9.54
Algemene Bk. 8¾ 84 Fl	75	96	96½	+0⅛	+0⅛	9.41
Algemene Bk. 10¼ 87 Fl	400	99⅞	100⅜	+0½	−0⅛	10.21
Bk. Mees & H. 10 85 Fl	75	100⅜	100⅞	+0⅜	+1⅛	9.82
Heineken NV 10 87 Fl	75	100½	101	−0⅛	+0⅛	9.83
Norway 8¾ 84 Fl	100	95¾	96¼	0	−0⅛	9.47
Philips Lamps 8¾ 84 Fl	75	95¾	96¼	+0⅛	+0⅛	9.67
Aero Paris 13⅛ 87 FFr	150	99⅝	100⅝	0	+0⅛	13.09
Air France 11 84 FFr	120	96⅛	97⅛	0	−0⅛	12.10
CECA 14¼ 88 FFr	150	105½	106½	0	−0⅛	12.63
Finland 11 84 FFr	80	93⅜	94⅜	0	0	12.91
Finland 11½ 89 FFr	70	93⅛	94⅛	+0⅛	+0⅛	12.71
Gaz de France 11 84 FFr	150	95½	96½	+0⅛	+0⅛	12.29
IBM France 11⅞ 84 FFr	120	95½	96½	0	+0⅝	13.10
Renault 9¾ 85 FFr	100	88⅛	89⅛	+0⅛	+0⅛	12.95
Solvay et Cie 9¾ 87 FFr	125	84⅞	85⅞	−0⅛	−0⅛	13.18
Utd. Mex Sts. 14 85 FFr	150	100⅛	101⅛	0	0	13.69
Beneficial Fin. 14¼ 90 £	20	98⅜	99⅛	+0½	+1⅛	14.46
Citicorp O/S 13½ 90 £	50	98⅜	98⅞	+0½	+1⅛	13.65
EIB 11½ 91 £	25	88½	89¼	+0⅛	−1⅛	13.49
Fin. for Ind. 12½ 89 £	30	95⅛	96⅛	+0⅝	+0⅝	13.33
Fin. for Ind. 14½ 88 £	20	101⅛	102⅛	+0⅞	+1	14.05
Gen. Elec. Co. 12¾ 89 £	50	95½	96¼	+1	−0⅛	13.30
Peugeot SA 14 90 £	23	98½	99¼	+0¼	+1⅛	14.20
Swed. Ex. Cr. 15¼ 85 £	20	102⅜	103⅛	+0⅛	+0⅝	14.28
Banobras 8¼ 90 KD	7	†93	93½	0	−1⅛	9.33
CCCE 8¼ 91 KD	10	†94	94½	0	−0½	8.98
Sonatrach 8½ 90 KD	12	†92	92½	0	−1⅛	8.77
Akzo 9¼ 87 LuxFr	500	94⅛	95⅛	−0⅛	0	10.23
Euratom 8 87 LuxFr	500	88⅜	89⅜	−0⅛	−0½	10.40
Euratom 9¾ 88 LuxFr	500	95⅞	96⅞	0	−0⅛	10.00
EIB 9¾ 88 LuxFr	600	98⅜	99⅜	0	−0¼	9.95
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	0	+0⅛	10.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	98	98½	2/1	10.44	10.62
Bank of Ireland 5¾ 89	‡0¼	97½	98	21/11	11⅝	11.84
Bank of Tokyo 5¼ 89	‡0⅛	96⅝	97⅛	25/10	9¼	9.52
Barclays O/S Inv. 5 90	0¼	97⅜	97⅞	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	‡0¼	97⅜	97⅞	29/11	12¼	12.55
Bilbao Int. NV 5¾ 90	0¼	96⅝	97½	29/11	10.06	10.36
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/11	11.44	11.51
Citicorp O/S F. 84	‡0	98⅜	98⅞	30/9	11.94	12.10
C. Itoh 5¼ 87	0¼	99⅛	99⅝	18/9	18.44	18.54
Co-operative Bk. 6 86	0⅜	98⅛	98⅝	15/11	11.44	11.63
Creditanstalt 5½ 91	§‡0¼	97¾	98¼	14/9	8.44	8.63
CNT 5¼ 86	§0¼	100	100½	16/10	18⅛	18.08
GZB 5½ 89	‡0¼	98⅛	98⅝	1/11	9.81	9.98
Jugobanka 8 89	0⅞	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¾ 87	0⅛	99½	100	15/10	18⅜	18.80
Lloyds Eurofin 8 90 £	0⅛	96⅛	96¾	3/1	15⅝	16.32
LTCB Japan 8⅛ 86	0⅛	98¼	98¾	13/12	9⅝	9.77
LTCB Japan 5½ 89	0⅛	97⅞	98⅜	7/12	10⅛	10.32
Mfrs. Han. O/S 5¼ 94	‡0⅛	97½	98	30/11	12⅛	12.40
Midland Intl. Fin. 5 89	0⅛	97½	98¼	20/12	9½	9.71
Midland Intl. Fin. 5¼ 92	0¼	87⅜	97⅞	5/12	10⅝	11.14
Nacional Fin. 6¼ 86	0¼	97½	98	25/1	9.69	9.91
Nat West 5¼ 94	§0¼	98	98½	11/10	18⅝	18.77
Nippon Credit 6½ 86	0⅛	97½	99	12/1	9.56	9.78
Nippon Credit 5¼ 97	‡0¼	97⅝	98⅛	6/11	10⅞	11.11
Royal Bk. Scot. 5¼ 94	§‡0¼	88⅛	89	11/10	8.31	8.43
Soc. G. de Sque. 5½ 87	0⅛	98¾	99¼	6/10	20.06	20.27
Standard Chart. 5¼ 90	0¼	98⅜	99⅛	2/9	17¼	17.42
Svenska Hndlsbk. 5 87	0⅛	97¼	98⅛	15/1	10	10.19
Sweden 8¼ 81	‡0⅛	†98½	98⅝	18/10	9.56	8.92
Williams & Glyn 5⅛ 91	0⅛	98⅛	99⅛	14/9	18½	18.71
Bq. S. d'Alg. 4¼ 89 SF	0⅛	89	90	13/12	8⅛	6.84

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	†113	117	+1	−4.45
Ajinomoto 7¾ 95	2/80	615.5	123¼	124¼	+2½	−0.45
Alco Int. Fin. 9½ 84	1/80	40	84	85½	+0⅝	16.62
Apache I. Fin. 8¾ 95	12/80	21.12	123½	124½	+1⅞	−2.98
Asahi Optical 7 94	11/79	526.1	97⅜	98⅜	+0⅝	−2.46
Blocker Energy 8¾ 95	1/81	21.87	98½	99¾	+2	3.25
Canon 6¾ 94	8/79	570	111⅛	112⅛	+1⅛	1.92
Credit Suisse 4¾ 93	10/79	1278	112¾	114¼	+0⅛	−1.43
Daiei Inc. 5½ 94	11/79	927.3	97⅜	98⅜	+0¼	23.50
DDKK 11 90	4/80	324	102⅞	103⅞	0	11.71
Dynalectron 9½ 95	8/80	12.22	114¾	115¾	+2⅛	−0.54
Enserch Fin. 9½ 94	7/80	12.22	114¼	115¾	+7⅛	−0.64
Inchcape Ltd. 8 95	2/81	4.55	102⅛	103⅞	+0⅛	1.07
Meidensha Elec. 7 94	12/79	210	104½	105¼	+1⅛	−1.95
MEPC 8⅛ 96	2/81	2.47	105⅜	105⅞	+0½	7.69
Mitsubishi Co. 6½ 94	10/79	549.1	131¼	133⅛	+0⅝	−1.05
Ricoh 6⅞ 95	2/80	604	101⅛	102⅛	+0⅛	6.10
SAC 6¾ 90	9/80	200	99⅛	100⅛	+0½	2.10
Toshiba Cpn. 7¼ 94	10/79	198	108	109	+1⅛	−1.16
Union Bk. Switz. 5 98	2/80	121.4	102½	104	−0¼	1.97
Fujitsu 5 84 DM	7/79	475	107⅛	108⅛	−0⅞	3.57
Sharp Corp. 6¼ 88 DM	9/80	595	106⅝	107⅛	+0⅞	4.46
Uny Co. 6½ 85 DM	11/79	1071	98⅛	98⅞	0	23.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

BORROWER PROFILE — ARGENTINA

Honeymoon with the banks cools

BY PETER MONTAGNON

THE COOL reception given by international banks to Argentina's latest $250m Eurocredit appears to mark an end, at least for tha time heing, to the country's recent run of successful horrowings on ever easier terms.

Terms of the Republic credit, which carries a margin nf ½ per cent over the first four years rising to ⅝ per cent ovar the remaining four years of its life, were jndged tight by the banks when they were first announced. Initial responsa was faltering, although after the syndication period was extended, a respectable total market sell-down exceeding 35 per cent is thought to have been achieved.

Over recent months bankers bave been consistently surprised by the apparent ease with which Argentina has been able to raise money on favourable terms. Before the Republic deal, public sector borrowers had access to 10-year money on a split spread of ⅝-¾ per cent.

In part this is due to tha country's fundamentally sound economic position. Unlike neighbouring Brazil, Argentina does not have a population problem; it does have virtual self-sufficiency in energy and abundant food resources. Moreover, bankers are genarally agreed in praising the professionalism of the country's negotiating team. Its central bank director, Sr. Francisco Soldati "knows bow to squeeze every last drop from the markets." said one banker.

At the same time some economic indicators at least are showing a positive trend. Inflation, as measured by the consumer price index, fell to a year-on-year rate of 86 per cent in August, Argentinian analysts say. This compares with a rate of almost 140 per cent last year.

As it has been faced with a heavy spate of Argentinian horrowers, the market is, however, now also looking at some of the more fragile alements of tbe country's economy. In particular, the Government has pursued a policy of maintaining an artificially higb exchange rate which has led to a pronounced deterioration in the balance of payments.

Largely becaue nf a surge in imports, the country'a visible trade was in deficit by about $500m in the first half of this year compared with a surplus in the whole of 1979 of $1.45hn. If this trend continues through the remainder of the year, Argentina could face a current account payments deficit of some $2.5bn this year, bankers estimate. In 1979 the deficit was nnly $193m.

Argentina's reserve position on paper is perfectly strong cnough to cope with this. Reserves, which fell sharply at the time nf the domestic banking crisis in the spring, were rebuilt to a level of $10.75bn hy mid-August. A substantial portion—estimated at some $700m to $800m—of tha latest increase reflects, however, very short-term borrowing abroad by the conntry's private sector.

FOREIGN DEBT REPAYMENT SCHEDULE

		due for repaymeot in				
	$bn	1980	1981	1982	1983	1984 onwards
Total outstanding debt	14.99	3.16	1.63	1.29	1.20	4.19
Public Sector	9.12	1.14	1.02	0.88	0.81	3.59
Private Sector	5.87	2.03	0.61	0.41	0.39	0.60

(Based on latest available reference date of June 30, 1979)

In July the Argentinian authorities altered the regulations on foreign borrowing so that private companies which had previoualy not been allowed to borrow ahroad for periods of less than a year are now allowed to borrow at 30 days maturity. Such borrowing is attractive to the companies because interest rates abroad are lower than at home.

To maintain the attraction of such borrowing, the Argentinian authorities have to ensure that the interest rate advantage sticks and that exchange rate movements continue to make it advantageous for companies to run up foreign deht. A high exchaoge rate will oot, however, contribute to a reduction in the balance of payments deficit.

International bankers are generally confident that the current economic team in Buenos Aires is more than competent to handle such a problem. Some would, however, like to see more reassuraoce than heretofore that continuity will be maintained when General Jorge Videla retires from the presidency in March next year. By that time at the latest the Fioance Minister, Sr. Jose Martinez de Hoz, will also be leaving the Government.

The impending change of government is to some degree a cloud hanging over future Argentinian borrowings and is one reason why bankers do expect at least a slight hardening of terms in the weeks ahead.

At the same time Argentina does have a heavy borrowing programme. Its public sector external borrowing requirement for 1980 is now put by Argentinians at about $2bn, of which "well over half" baa been completed with the $250m Republic deal.

The table sbows how Argentina has in the past relied heavily on short-term private sector borrowing to meet its external fioancing needs. This is expected to continue alongside the public sector programme. Taken together the figures for hoth public and private sector borrowing also show that Argentina now has to meet rather a heavy debt repayment scbedule.

Meanwhile, the Republic is currently arranging a Y20bn 10-year Samurai bond with an offered yield of 9.15 per cent through Yamaiichi Securities. Its next major credit is expected to be for the slate oil concern, YPF. This will he an important deal for the market as it should indicate the extent of the pricing concessions Argentina has had to make following the Republic credit.

Peugeot may drop project

By Terry Dodsworth in Paris

PEUGEOT, the French motor group, may abandon its project to build a 2,000-man car components plant near Longwy in Lorraine because of the current deterioration in the car market.

Plans for the factory, aimed at one of France's high unemployment areas, were announced in a fanfare of publicity a little more than a year ago. The plant was one of the most important investments proposed by the company as part of plans to create abont 6,200 jobs in Lorraine along wlth Renault, the other big Frencb motor company.

These proposals won Government support and successfully enabled the French companies to block an ambitious Ford plan to build a car production complex in Lorraine.

Peugeot admitted yesterday that a new study had been undertaken of the Longwy project, although it said that it was still aiming to produce car components in Lorraine. But M. Bernard Lahhe, a member of the region's industrial promotion council, insisted that the original concept for the plant, due to he completed in 1983, had now been jettisoned.

M. Labbe said that Peugeot's move was serious for the Lorraine region in light of the 8,000 jobs lost in the steel industry since 1976. He added that one of the investment projects, a joint Peugeot-Renault aluminium foundry, also at Longwy, the worst hit of tbe steel towns, was well on the way to completion.

Whether the Longwy factory is eventually given the go-ahead or nnt, Peugeot's aecond thoughts about the project underlina its present sales problems. The whola group, which constitutes Peugeot, Citroen Talbot (formerly Chryslar Europe), has suffered a big slump in registrations this year.

French bank disposal

THE French Gnvernment has authnrised the Lebanese-Saudi Arabian Farah gronp tn acquire 67 per cent of the capital nf Union Fonciere at Financiere (UFFI), a French real estate consultant company, AP-DJ reports from Paris.

Fourfold profit increase at Norsk Hydro

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, reports a more than fourfold rise in net profits to more than Nkr 1bn ($238.72m) in the year ended June 30. Turnover was up by around 55 per cent to more than Nkr 14bn ($2.91hn).

Preliminary figures sbow profit before year-end adjustments, allocations and taxes at around Nkr 1.4hn to Nkr 1.5bn, after depreciation amounting to Nkr 1.6bn. Taxes will take Nkr 400m, making profit after tax in excess of Nkr 1bn compared with around Nkr 250m in the preceding year.

Mr. Odd Narud, Norsk Hydro's president, described the figurea as "very encouraging." He said the iocrease arose mainly from petroleum activities and was attributable to higher prices for oil and gas, coupled with the Frigg gasfield reaching full production during the year. The big Ekofisk field passed its peak in the year.

On the other hand, the improvement in the results of the group's industrial operations in Norway was relatively small and less than might have been expected in view of the favourable market conditions prevailing through most nf the period.

Tax allowancea accumulated over several years are being made use of this year so that taxes will take only a comparatively limited proportion of earnings. This proportion, however, will rise very sharply in 1981 when Hydro will begin to feel the full weight of the increase in Norwegian petroleum taxatlon.

Mr. Narud said the improvement in Hydro's profit, though substantial, was no more than should be expected ln vlew of Hydro's investment of NKr 10hn in new facilities in the North Sea and on land in and outside Norway. A pre-tax profit at the level achieved was no more than was needed to repay debt and to finance high-priority investments which were essential if Hydro was to keep its market position and maintain and renew its plants.

Norsk Hydro's board will propose a 12 per cent dividend —unchanged from last year and the maximum permitted.

Sharp turnround at Swedish paper maker

BY WILLIAM DULLFORCE, NORDIC EDITOR IN STOCKHOLM

BILLERUD, the Swedish pulp, paper and packaging group, reports pre-tax earnings of SKr 85m ($20.5m) for the first seven months, a sharp turnround on the corresponding period last year, when the group was SKr 29m in the red. Sales climbed by 23 per cent to SKr 1.97bn ($463m).

The management expects the 1980 pre-tax profit to be well ahead of last year's SKr 101m despite the "somewhat lower demand" for Billerud's products whicb appeared at the end of the seven-month period and uncertainty about whether lt can raise prices again to offset heavy cost increases.

The SKr 85m earnings in the first seven mooths were achieved despite losses of about SKr 30m attributable to the strikes and lockout in Sweden in May. It includes stock gains of SKr 34m.

The improvement was most marked ln Billerud's timber, pulp and paper operations in Sweden, which turned in an operating profit of SKr 69m against a loss of SKr 25m in the first seven months of 1979. Celbi, tbe pulp company ln Portugal, raised its operating income by SKr 10m to SKr 45m while the group's packaging operation recorded an operating profit of SKr 31m, up from SKr 18m.

A drop from SKr 103m to SKr 84m in net financial charges reflects tbe freeing of capital through the sale of forest land. These sales are estimated to give the group an extraordinary income of SKr 80m for the year.

Higher loss at Arab tanker operator

KUWAIT — The Arab Maritime Petroleum Transport Company has announced that its net loss, including depreciation of tankers, rose to $20.87m last year from $18.22m in 1978.

The company, which is sponsored by the Organisation of Arab Petroleum Exporting Countries (OAPEC) said that its net operating lnss, however, fell to $23.67m from $26.37m. The increase in net loss had resulted mainly from financing expenses for two new liquefied petroleum gas (LPG) tankers, Al-Berry and Al-Bida, which joined the company's fleet in the year.

Operating tncome rose to $33.69m from $26.17m, while operating costs, including depreciation rose, to $51.11m from $46.53m.

Reuter

Carlton and United plans rights to raise A$20m

BY OUR FINANCIAL STAFF

CARLTON AND UNITED Breweriea, the major Australlan brewer, increased its net profit for the year to June 30 by 11.1 per cent to A$25.6m (US$29.9m), on turnover up 12.9 per cent to A$667.07m (US$780m).

A rights issue is planned on a one-for-five basis to raise A$20.59m (US$24m). The funds are tn be used, it is said, to improve liquidity and to provide funds for growth and development. The issue, at part, will raise the number of ordinary shares in issue to 123.55m, from 102.96m.

The new shares will not rank for any dividend declared bafore December 31. Between then and June 30, 1981, eacb will rank for one-sixth of any declared dividend. Between July 1 and December 31, 1981, the new shares will be antitled to two-thirds of any dividend.

The profits for 1979-80 are struck after tax of A$20.93m, against A$17.9m, interest of A$4.12m, compared with A$3.82m, and depreciation of A$10.3m (A$9.08m), as well as minorities of A$326,000 (A$45,000), but before an extraordinary profit of A$720,000.

An unchanged final dividend of 8 cents makes a total for the year of 14 cents, compared witb 13.5 cents. Earnings per sbare were unaltered at 25 cents, on capital increased by a one-for-10 scrip issue.

Strong advance by Nationale Nederlanden

By Our Financial Staff

NATIONALE NEDERLANDEN, the largest Dutch insurance group, reports consolidated net profits of Fl 151.7m ($78.8m) for tha first six montha of 1980 compared with Fl 124.3m in the same period last year. Profit per sbare was Fl 9.36, against an amended Fl 7.92 in the first half of 1979. Turnover increased to Fl 3.91bn from Fl 3.48bn.

An interim dividend of Fl 2.90 in cash, agalnst Fl 2.80, is to be paid.

The group said that it expected profit growth for the wbole of 1980 to be at least equal to the capital lncrease of more than 14 per cent. The group made a one-for-10 acrip issue in April this year. Net profits in 1979 totalled Fl 301.9m.

● The Dutcb trading, transport and industrial group, Internatio-Mueller said that its consolldated net profit improved in the first half to Fl 8.5m ($4.39m), an increase of 16 per cent on the same period last year and expected a similar result for the second half. Last year the group suffered a loss in the second half which cut the full year's profit to Fl 6.2m.

Operating profit rose by 58 per cent to Fl 39.2m before taking interest into account and rose four-fold to Fl 12m from Fl 3.36m after interest. Net profit per share rose to Fl 2.23 from Fl 1.91.

The company said that first-half profits were disappointing, despite the advance over last year, and the recovery of operating profit after interest payments was likely to be slower than expected.

Gain at Sekisui Homes

BY YOKO SHIBATA IN TOKYO

SEKISUI PREFAB HOMES, Japan's largest prefabricated houaing maker, raised its earnings in its first-half ended July 31, despite a slowdown in housing damand and increased raw material costs.

Sekisui's operating profits rose by 6.9 per cent on the year to Y12.6bn ($57m). Net profits were lifted 9.2 per cent to Y6.62bn. Per share profits were Y26.62, compared with Y28.36.

Steps to develop higher grade products such as large house construction helped Sekisui's sales to increase by 23 per cent to Y211.6bn ($962m). The company countered the advarse factors hy streamlining its production systams.

For the current half of the fiscal year, the company faces a further alowdown in demand for housing. The full fiscal year endiog January 31, ls expected to hring sales of Y435m, up 18 per cent, operating profits of Y26bn, up 5.8 per cent, and net profits of Y13.5hn, up 6.8 per cent.

Hopewell Holdings ahead

BY PHILIP BOWRING IN HONG KONG

HOPEWELL HOLDINGS, the Hong Kong property group, bas reported an increase of 80 per cent in consolidated net profit before extraordinary items for the year ended June, to HK$106.5m. At the half-way stage, profits were up 47 per cent. Earnings have been boosted by the completion of several residential developments. The final dividend is 30 cents, making a total of 40 cents for the year, compared with 26 cents the previous year.

● South Sea Textile Manufacturing suffered a fall in profits to HK$12.8m from HK$15.6m for the same period last year. Full-year earnings for 1979 for tha integrated cotton textile and garment manufacturer were HK$31m.

The interim dividend has heen cut to HK$1.75, from HK$2.25.

● Hong Kong's sharply expanding property group, Mai Hon Enterprises is to change its name to Carrian Investment.

Until the end of last year, Mai Hon was the modest property subsidiary of Stelux, a watch manufacturer. Than it was acquired by the Carrian group.

APPOINTMENTS

ENERGY REVIEW: COAL SUPPLY AND DEMAND

BY MARTIN DICKSON, ENERGY CORRESPONDENT

Problems of achieving world targets

"THE fatality of good resolutions," observed Oscar Wilde, "is that they are always too late."

It is a sentiment the world's coal industry might well reflect upon as it considers the good resolutions about coal expressed at last June's western summit meeting in Venice. The seven leaders present collectively committed their countries to the highly ambitious target of doubling coal output and use by 1990.

It may not yet be too late to achieve such a target, but that time cannot be far and crucial decisions will have to be taken by goverments in the near future if coal production and consumption is to expand sufficiently to plug the world's predicted energy gap as the year 2000 approaches.

The short time scale has been underlined afresh this month by the publication of a detailed, country-by-country study of supply and demand during the next 20 years. The book, entitled Future Coal Prospects*, is the second volume of the World Coal Study (Wocol), a 16-nation project under the direction of Professor Carroll Wilson of the Massachusetts Institute of Technology.

Possible

Volume I of the Wocol report†, published earlier this year, summarises the prospects for coal during the coming two decades and concludes that the fuel will have to supply between a half and two-thirds of the additional energy needed by the world, even given moderate growth assumptions. To achieve this, world coal production will have to increase between two and three times, with international trade increasing by three to five times, from 200m tonnes of coal equivalent (tce) now to 560m to 980m tce by the turn of the century.

The report *concludes that* these targets are possible to achieve, provided that public and private enterprise act co-operatively and promptly.

Just how co-operative and how prompt such action will have to be emerges more fully in the newly published second volume of the report, which contains detailed analyses about each of the 16 countries participating in the Wocol project.

This brings out the difficulties of quickly establishing so-called coal chains—flows of fuel from new mines, through upgraded transport systems to new ports, into new coal carrying vessels and across the oceans to new coal-burning power stations and industrial boilers. A typical coal chain for U.S. exports is illustrated.

Requirements for a Typical U.S. Export Coal Chain

Coal Mine — Western Underground United States 5.75m tons/yr → Unit Train Transport → West Coast Port U.S.A. → Coal Carrier Panamax → Direct to User → Electric Power Plants Japan (2500 MW)

	MINES	TRAINS	PORT	SHIPS	POWER PLANTS	TOTAL SYSTEM
Coal flows	5.75m tons/yr	same	same	same	same	5.75m tons/yr
Facilities Unit size	2m tons/yr	105 cars @ 100 ton 60 trips/yr 650,000 tons/yr	10m tons/yr	52,000 tons 10 trips/yr 520,000 tons/yr	800 MW	
Numbers required	2.9 mines	8.8 trains	0.6 ports	11 ships	3.1 plants (2500 MW)	
Lead times	3 years	1 year	2.5 years	1 year	5 years	5 years
Total capital*	$300m	$75m	$75m	$350m	$2.4bn	$3.2bn

*January 1978 dollars

Source: WOCOL

The problems of establishing coal chains, given the long lead times needed to bring mines into production and to build the infrastructure necessary to ship and burn the fuel, are best illustrated by specific examples. This article concentrates on just two countries which will be particularly affected by the coming coal boom: the U.S., which is likely to become the world's balancing supplier of steam coal by the 1990s, and Italy, which will be one of the most important importers.

Wocol concludes that coal production in the U.S. will have to rise from 560m tonnes of coal equivalent in 1977 to at least 1.2bn in AD 2000 (125m tce for export) and that there could be demand for 2.66bn tce (350m tce for export) if high growth in energy demand is coupled with limited access to oil and delays in the construction of new nuclear plant.

How will the export demand be *satisfied? A special study* undertaken for Wocol by Bechtel National Inc. points out that the actual division of the toonage between the U.S.'s three main producing areas—Appalachia, the Illinois Basin of the Midwest and the Rocky Mountains/Great Plains of the West—will depend on a host of factors, including coal demand, environmental regulations and commercial decisions.

But it estimates that the Hampton Roads ports of Newport News and Norfolk, Virginia, currently the largest coal exporting complex in the U.S., could be handling between 46m and 101m tonnes of Appalachian output a year by AD 2000. This compares with a current capacity of 55m tonnes a year and actual throughput of 22m tonnes in 1977.

But the substantial expansion of facilities likely to be needed at Hampton Roads pales alongside that expected in the lower Mississippi, handling Illinois Basin coal, and at West Coast ports, handling Western output.

Until now, both export routes have handled negligible amounts of coal. Wocol estimates that the Lower Mississipi, with current capacity of 10m tonnes a year, will need to handle between 23m and 126m tonnes by AD 2000, while the West Coast ports, with current capacity of just 3m tonnes, will need to export anywhere between 13m and 89m tonnes.

This would mean an average increase in export coal traffic to the coast of between 3.7 and 8 per cent a year—most of it along two railways systems in *the East and four or five in the* West together with barges down the Mississippi.

Capital expenditure required for improving the internal transport system, and ports could range from $910m to $5.035bn (in 1979 dollars)—excluding the cost of upgrading subsidiary transport systems to get the coal to assembly points.

This major expansion has to be achieved against a background of severe constraints. Most barge operations and many ports and coal terminals are operated by commercial companies whose investment decisions will be determined by their own economic health, their perception of coal demand, and the return on their investment compared to other ventures. In the bland language of the report, it remains "problematic" whether the companies will take decisions quickly enough to "accommodate a rapid increase in coal exports."

But an even bigger constraint is likely to be the complicated *framework of regulations* governing the extraction and transport of coal. To take just one example: growing rail traffic is likely to prompt increasing opposition from inhabitants along the route. "This factor," says Wocol, "may be of key significance near West Coast port areas which have no history of coal rail transport."

Hurdles

Another vital factor will be the Federal Government's attitude to mining the coal: the Government owns 65 per cent of Western coal reserves and indirectly controls another 20 per cent. However, Wocol points out that no comprehensive federal coal leasing policy yet exists and there has been a leasing moratorium since 1970, with the exception of small-scale emergency leasing at existing mines.

But before any of these hurdles can even be approached, potential investors need to have firm contracts for their coal. And that in turn means firm orders for coal-burning plant. As the report says, new orders for power stations, industrial boilers and synthetic fuel facilities are the "driving force in *activating the whole chain of* coal supply." In short, responsibility is passed to the coal consuming nations.

Italy illustrates particularly starkly the problems of switching to coal-firing because—virtually alone among the Western nations—coal has never occupied more than a marginal role in meeting its energy needs. Imports in 1978 were just 13m tce, of which 10.6m was *metallurgical coal.*

The result is that no substantial infrastructure exists to move coal internally. The logistical problems are increased by Italy's narrow, elongated shape and high mountain ranges.

Wocol therefore argues that there is no choice but to concentrate Italian coal use in electricity generation at power stations located either at importing terminals or at coastal ports.

Even so, it reckons that a rapid increase in steam coal imports, to as much as 60 tce a year or more by AD 2000, is likely to "create immense problems in planning and social acceptability."

And it warns that even if a start is made on port construction now, there might still be insufficient import capacity by the end of the century if demand for the coal is at the upper end of present forecasts.

But the greatest uncertainty from the Italian viewpoint seems to be the question of *price:* the Wocol team feels the need to knock down as "short-sighted" the widespread argument that there is no incentive to import coal because the present price (coupled with the inconvenience of handling the fuel) fails to make it more *attractive than oil.*

This, in turn, is part of what the Italian team describes as a much wider "circular uncertainty" governing the whole question of coal use. For example, will advances in coal/oil mixes allow coal use in existing oil plants with relatively minor changes? What will *environmental pressures* be like in the 1990s? What will be the rate of increase in energy use?

These questions on the demand side of the *equation* are mirrored by uncertainty on the *supply side, yet firm decisions* on boosting coal production and *consumption* have to be taken very shortly.

A measure of the *problem* is given by Wocol's own guestimates: its figures vary very widely, depending on different estimations of energy demand growth, oil availability and delays in nuclear expansion.

How *can* private industry be expected to come up with firm plans for growth when a major international study can, for example, *only give* U.S. *infrastructure* capital costs for the next 20 years ranging from less than $1bn to more than $5bn?

It would be naive to expect a smooth synchronisation of supply and demand over the next two decades. According to the Italians, "the dynamics will very likely be out of phase with one another, with supply probably lagging behind demand and leading to higher prices, *both for exported coal and for* transport services."

Although much will depend on the interplay of market forces, governments can do a great deal to smooth the transition—for example, by taking firm decisions on environmental regulations, port construction programmes and power station fuel mixes.

The Venice summit showed that governments have at least *acknowledged* the problem. But the good intentions expressed there have still to be *translated* into specific action and, as Professor Wilson has observed, "our most precious resource is time, which must be used as wisely as energy."

* *Future Coal Prospects.* The World Coal Study. Published by Harper and Row. £24.50.

† *Coal, Bridge to the Future.* The World Coal Study. Harper and Row. £7.35.

Pound rises

Sterling advanced in the foreign exchange market yesterday on news that Bank of England Minimum Lending Rate was unchanged. The pound opened at $2.4040-2.4050, showing a general weakness on fears of a cut in MLR, but improved quite quickly, reaching $2.4170-2.4180 before the announcement from the UK authorities, and $2.4190-2.4200 shortly after. Demand for sterling increased with the opening of the New York market, and it touched a peak of $2.4230-2.4240, before closing at $2.4185-2.4195, a rise of 32 points on the day. The pound's trade-weighted index, as calculated by the Bank of England, was unchanged at 76.5, after opening at 76.1 and improving to 76.4 at noon.

Sterling also gained ground against Continental currencies, opening at DM 4.2650 against the D-mark, and closing at DM 4.2975 compared with DM 4.29125 on Wednesday.

The dollar showed little movement on balance, finishing at DM 1.7765 in terms of the D-mark, compared with DM 1.7760 previously, at Y217 against the yen, compared with Y216.70, and unchanged at SwFr 1.6285 against the Swiss franc.

On Bank of England figures the dollar's index was unchanged at 83.5.

D-MARK—One of the weaker members of the European Monetary System of late, but showing signs of recovery against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve monetary policy ahead of the Presidential election.—The D-mark showed mixed changes at the Frankfurt fixing, and there was little surprise that the German authorities left credit policies unchanged at yesterday's central bank council meeting. The French franc eased to DM 43.015 per 100 francs from DM 43.03, but the Dutch guilder, strongest member of the EMS, rose to DM 91.97 per 100 guilders from DM 91.83. The Bundesbank did not intervene when the dollar was fixed at DM 1.7758, compared with DM 1.7804 previously, while sterling eased to DM 4.2920 from DM 4.3020 at the fixing.

DUTCH GUILDER—Strongest member of the EMS in recent weeks despite last month's cut in Netherlands central bank discount rate.—The guilder rose against most currencies at the Amsterdam fixing, improving against the D-mark, French franc, and most other members of the EMS, but recording no change against the Belgian franc and Irish punt. The dollar fell to DFl 1.9315 from DFl 1.9395, and sterling was fixed at DFl 4.6690 against DFl 4.6870.

DANISH KRONE—Remaining quite firm around the middle of the EMS, after two devaluations during 1979, despite expectations of a record balance of payments deficit this year.—The krone improved slightly against the Swedish krone, Norwegian krone and most members of the EMS at the Copenhagen fixing yesterday. The dollar fell to DKr 5.4990 from DKr 5.5175 and sterling to DKr 13.2495 from DKr 13.3280.

JAPANESE YEN—Advancing steadily since the middle of last month, helped by the general weakness of the dollar and the relatively successful fight against inflation which allowed a cut in the central bank discount rate. —The yen regained most of Wednesday's lost ground in moderate Tokyo trading yesterday. The dollar weakened to Y216.70 from Y217.30, but any further decline was stemmed by speculation about a further cut in the Bank of Japan's discount rate this month.

THE POUND SPOT AND FORWARD

Sept. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4040-2.4240	2.4185-2.4195	1.23-1.13c pm	5.85	2.83-2.73 pm	4.60
Canada	2.7920-2.8140	2.8105-2.8125	1.62-1.52c pm	6.70	3.90-3.80 pm	5.48
Nethlnd.	4.63-4.68	4.67-4.68	2⅜-1⅝c pm	5.77	6½-5⅞ pm	5.13
Belgium	68.35-69.10	68.83-68.93	26-16c pm	3.66	65-55 pm	3.48
Denmark	13.19-13.31	13.28½-13.29½	2⅞-4ore dis	−2.88	7⅛-8⅝ dis	−2.37
Ireland	1.1330-1.1400	1.1380-1.1390	0.27-0.18p pm	2.37	0.58-0.49 pm	1.88
W. Ger.	4.26-4.31	4.29¾-4.30¾	3⅛-2⅛pf pm	7.68	8⅛-7⅛ pm	7.10
Portugal	118.80-119.95	119.45-119.85	25c pm-25 dis	—	20 pm-5 dis	0.75
Spain	174.60-176.00	175.80-176.00	20-75c dis	−3.24	205-275dis	−5.46
Italy	2028-2050	2047-2049	11-14lire dis	−7.32	48-51 dis	−9.67
Norway	11.56-11.68	11.64½-11.65½	2½-⅞ore pm	1.74	1-1½ pm	0.26
France	9.81-10.01	9.98¾-9.99¾	4½-3½c pm	4.81	10½-9½ pm	4.00
Sweden	9.95-10.05	10.02-10.03	1¼-⅛ore pm	1.05	1⅛-⅛ pm	0.35
Japan	520-526	524½-525½	1.85-1.60y pm	3.83	5.60-5.25 pm	4.13
Austria	30.10-30.50	30.40-30.45	15-13gro pm	5.52	39-29 pm	4.47
Switz.	3.90-3.95	3.93½-3.94½	4½-3⅛c pm	11.04	11-10 pm	10.66

Belgian rate is for convertible francs. Financial franc 68.70-68.80. Six-month forward dollar 4.37-4.32c pm. 12-month 6.16-6.06c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4040-2.4240	2.4185-2.4195	1.23-1.13c pm	5.85	2.83-2.73 pm	4.60
Ireland†	2.1210-2.1270	2.1250-2.1270	0.65-0.55c pm	3.39	1.50-1.40pm	2.73
Canada	1.1604-1.1613	1.1608-1.1611	0.07-0.03c pm	0.52	0.27-0.22pm	0.84
Nethlnd.	1.9290-1.9330	1.9290-1.9300	0.05c pm-0.05 dis	—	0.36-0.26pm	0.64
Belgium	28.44-28.53	28.46-28.48	2-3½c dis	−1.16	5-8 dis	−0.98
Denmark	5.4875-5.4920	5.4900-5.4915	3½-4ore dis	−8.19	9½-10 dis	−7.10
W. Ger.	1.7720-1.7780	1.7760-1.7770	0.30-0.26pf pm	1.89	1.23-1.18 pm	2.71
Portugal	49.35-49.50	49.40-49.50	15-35c dis	−5.07	50-90 dis	−5.66
Spain	72.63-72.76	72.67-72.72	45-65c dis	−5.08	170-200dis	−10.18
Italy	844.80-846.10	845.00-845.30	8½-10lire dis	−13.13	29-32 dis	−14.43
Norway	4.8145-4.8167	4.8160-4.8175	2.20-2.70ore dis	−6.10	2.40-2.90dis	−2.20
France	4.1240-4.1365	4.1275-4.1290	0.30-0.50c dis	−1.16	0.55-0.70dis	−0.60
Sweden	4.1410-4.1460	4.1430-4.1445	1.65-1.80ore dis	−4.99	4.40-4.55dis	−4.32
Japan	215.00-217.10	216.95-217.05	0.25-0.40y dis	−1.80	0.15-0.30dis	−0.41
Austria	12.56-12.59½	12.57-12.58	0.80-1.40gro dis	−1.05	0.50-2.25dis	−0.41
Switz.	1.6230-1.6310	1.6280-1.6290	0.63-0.58c pm	4.46	2.42-2.37pm	5.88

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.5	−28.0
U.S. dollar	83.5	−10.0
Canadian dollar	80.8	−17.1
Austrian schilling	156.0	+24.0
Belgian franc	115.6	+13.8
Danish kroner	106.8	−4.5
Deutsche mark	154.8	+43.7
Swiss franc	198.5	+79.9
Guilder	125.3	+20.2
French franc	101.2	−5.9
Lira	52.7	−51.8
Yen	131.1	+28.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Sept. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	10	0.546807	0.888712
U.S. $	10	1.39130	1.42162
Canadian $	10.74	1.55027	1.64140
Austria Sch	6¾	18.5687	17.9256
Belgium F	12	37.7777	40.6228
Danish K	13	7.28598	7.83313
D'mark	7½	8.55856	8.53080
Guilder	8	2.56278	2.75368
French Fr	9½	5.46977	5.88196
Lira	15	1119.58	1204.47
Yen	8.25	285.810	308.770
Norwgn. Kr.	9	6.37358	6.86292
Spanish Pts.	8	96.0444	103.352
Swedish Kr.	10	5.46497	5.88973
Swiss Fr.	3	2.16241	2.32548

OTHER CURRENCIES

Sept. 4	£	$		£ Note Rates
Argentina Peso	4602-4622	1911-1918	Austria	30.20 30.50
Australia Dollar	2.0660-2.0680	0.8545-0.8550	Belgium	69.50-70.10
Brazil Cruzeiro	133.84-134.84	55.645-55.845	Denmark	13.20-13.50
Finland Markka	8.80-8.81	3.6380-3.6390	France	9.23-10.00
Greek Drachma	102.457-104.951	42.40-42.60	Germany	4.27½-4.31½
Hong Kong Dollar	11.24-11.95½	4.9370-4.9380	Italy	2030-2140
Iran Rial	n.a.	n.a.	Japan	523 528
Kuwait Dinar(KD)	0.637-0.643	0.2070-0.2571	Netherlands	4.55-4.09
Luxembourg Frc.	68.83-68.23	28.46-28.48	Norway	11.60-11.70
Malaysia Dollar	5.1415-5.1535	2.1255-2.1275	Portugal	115-122
New Zealand Dlr.	2.4535-2.4565	1.0130-1.0140	Spain	171-178¼
Saudi Arab. Riyal	7.92-7.98	3.3190-3.3210	Sweden	9.98-10.08
Singapore Dollar	5.1210-5.1320	2.1170-2.1190	Switzerland	3.98½-4.25½
Sth. African Rand	1.8215-1.8225	0.7530-0.7535	United States	2.41½-2.42½
U.A.E. Dirham	8.81-8.87	3.6870-3.6890	Yugoslavia	70-73½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6060	+2.05	+0.79	±1.53
Danish Krone	7.72336	7.83452	+1.44	+0.18	±1.64
German D-Mark	2.48208	2.53021	+1.94	+0.68	±1.125
French Franc	5.84700	5.88338	+0.62	−0.64	±1.3557
Dutch Guilder	2.74362	2.75157	+0.29	−0.97	±1.512
Irish Punt	0.668201	0.671030	+0.42	−0.84	±1.668
Italian Lira	1157.79	1205.20	+4.09	+2.90	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS-RATES

Sept. 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.419	4.298	525.0	9.988	3.940	4.875	2048.	2.812	68.86
U.S. Dollar	0.413	1.	1.777	217.0	4.129	1.629	1.933	846.8	1.162	28.47
Deutschemark	0.233	0.563	1.	122.2	2.384	0.917	1.088	476.5	0.654	16.03
Japanese Yen 1,000	1.905	4.608	8.186	1000.	19.02	7.505	8.905	3901.	5.355	131.2
French Franc 10	1.001	2.422	4.303	525.7	10.	3.945	4.681	2051.	2.815	68.97
Swiss Franc	0.254	0.614	1.021	133.2	2.535	1.	1.187	512.8	0.714	17.48
Dutch Guilder	0.214	0.517	0.919	112.3	2.130	0.843	1.	438.1	0.601	14.73
Italian Lira, 1,000	0.488	1.181	2.098	256.3	4.877	1.924	2.283	1000.	1.373	33.63
Canadian Dollar	0.356	0.860	1.529	186.7	3.552	1.401	1.663	728.4	1.	24.50
Belgian Franc 100	1.452	3.512	6.232	758.2	14.50	0.720	0.787	2973.	4.082	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 1/4	offer 11 3/8	bid 11 11/16	offer 11 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	—	9⅝-10⅛	6-8	10¼-10⅝	2-2¼	8⅝-9⅛	11-11⅛	14-19	8⅞-28¼	13½-14
7 days' notice	15⅞-18⅞	9¾-10	9½-8½	10¼-10⅝	3½-4	8⅞-9	11-11⅛	16-20	10-10⅛	12⅞-13⅛
Month	15⅝-16⅛	10½-10¾	9⅛-8⅞	10⅞-10⅞	5¼-5⅜	8¾-8⅞	11½-11¾	23-25	10⅛-10⅛	12¼-12½
Three months	15¼-15⅜	11⅛-11⅛	10¼-10⅝	10⅞-10⅞	5⅛-5⅛	8¼-8⅝	11⅝-11⅞	25¾-25¾	11⅛-11⅛	11⅝-11⅝
Six months	15⅛-15⅛	11⅛-11⅛	11-11⅜	10⅞-10⅞	5⅝-5⅛	8⅛-8⅞	12-12¼	98½-97½	11⅝-11¾	10¼-10½
One Year	14⅞-15	11⅛-12⅛	11⅜-11¾	10⅞-10⅞	5¼-5⅜	8⅛-8⅛	12¼-12½	25¼-20¼	11⅛-11⅛	9½-9¾

Long-term Eurodollar two years 12⅝-12⅝ per cent; three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.50-10.60 per cent; three-months 11.10-11.20 per cent; six-months 11.30-11.40 per cent; one year 11.40-11.50 per cent.

INTERNATIONAL MONEY MARKET

German rates firm

Interbank money rates showed a firmer tendency in Frankfurt yesterday, with no changes in credit policies resulting from the regular fortnightly meeting of the Bundesbank central council. No Press conference had been called, and no changes were anticipated, although some sections of the market held the view that the authorities might cut the lombard rate, currently standing at 9½ per cent. Overnight money was quoted at 9.40-9.55 per cent, up from 9.20-9.45 per cent on Wednesday, and one-month money was higher at 9.10-9.20 per cent compared with 9.00-9.15 per cent.

In Paris call money was quoted at 11⅛ per cent, unchanged from Wednesday, while longer term rates were slightly easier where changed.

In Zurich short-term money rates showed an easier tendency after swap agreements arranged by the central bank had left ample funds in the market. Call money touched 7 per cent at one point as banks made payments to the central bank, but as the shortage eased, so short-term money fell back to around 1 per cent. The central bank was anxious to inject liquidity into the market at a time when a shortage caused by end-of-month payments was further exacerbated by maturing currency swap agreements.

GOLD

Sharp rise

Gold rose $10 to close at $646-649 in the London bullion market yesterday, the highest level of the day. It opened at the low point of $636½-639½, and was fixed at $637.25 in the morning and $647.25 in the afternoon. The metal finished at its firmest level since the end of July.

In Paris the 12½ kilo gold bar was fixed at FFr 84,950 per kilo ($639.99 per ounce) in the afternoon, compared with FFr 84,950 ($640.72) in the morning, and FFr 84,000 ($637.16) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,460 per kilo ($638.01 per ounce), against DM 36,500 ($637.49) previously, and closed at $646-648, compared with $637-640 in Wednesday.

In Zurich gold finished at $645-648, against $637-640.

	Sept. 4		Sept. 3	
Gold Bullion (fine ounce)				
Close	$646-649	(£267-268½)	$636-639	(£263¼-264½)
Opening	$658½-639½	(£264¼-265½)	$638-641	(£264¼-265½)
Morning fixing	$637.25	(£264.309)	$635.70	(£263.393)
Afternoon fixing	$647.25	(£267.258)	$635.75	(£263.413)
Gold Coins				
Krugerrand	$667-669	(£275½-277)	$656-658	(£271½-272½)
Mapleleaf	$664-667	(£274½-278½)	$650-654	(£269-279)
New Sovereigns	$163½-164½	(£67½-68½)	$151½-152¼	(£65¾-67¾)
King Sovs	$194-196	(£80-82)	$199-193½	(£79½-80½)
Victoria Sovs	$194-196	(£80-82)	$182-183½	(£79½-80½)
French 20s	$165-168		$163½-165½	
50 pesos Mexico	$799-802		$788-791	
100 Cor. Austria	$631-634		$621-623	
$20 Eagles	$754-758		$758-762	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

No change in MLR

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

The absence of any announcement by the Bank of England on a vaguely fancied cut in MLR had little effect on short-term interest rates in the London money market yesterday, and any upward movement was only marginal, reflecting the relatively easy credit conditions prevailing. The Bank of England tidied up a small shortage of liquidity by buying a small number of Treasury bills direct from the discount houses. The latter were paying up to 15½ per cent for secured call loans at the start of the day, but later balances were taken as cheaply as 15 per cent.

The market was faced with the unwinding of a previous sale and repurchase agreement involving a small number of bills, while on the other side banks brought forward balances a small way above target.

In the interbank market overnight money opened at 16¼-16½ per cent, and eased to 15⅞-16⅛ per cent. Rates dipped to 15¼-15½ per cent at one point, but closing balances were taken at 16-16½ per cent.

MONEY RATES

NEW YORK

Prime Rate	11½
Fed. Funds	9⅞-10
Treasury Bills (13-week)	9.78
Treasury Bills (26-week)	9.81

GERMANY

Discount Rate	7.50
Overnight Rate	9.475
One month	9.15
Three months	9.30
Six months	9.675

FRANCE

Discount Rate	9.5
Overnight Rate	11.125
One month	11.4375
Three months	11.6875
Six months	11.6875

JAPAN

Discount Rate	8.25
Call (Unconditional)	11.5
Bills Discount (three-month)	11.4375

LONDON MONEY RATES

Sept. 4 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	15½-16½	—	—	—	16¼	15-15⅞	—	—	—
2 days notice	—	—	16½	—	—	—	—	—	—	—
7 days or	—	—	—	—	16⅛	16⅞	15¾-15⅞	—	—	—
7 days notice	—	16¼-16⅛	16⅛-16⅝	—	16⅞	16⅛-17	16⅜-15¾	14⅞	[illegible]	18⅞
One month	16⅝-16½	16½-16⅝	16¼-16⅝	17¼-17⅝	16⅞	—	15½	14⅞-15	16⅛	16⅝
Two months	16⅛-16⅞	16⅛-16⅞	—	17-17⅛	16¾	16⅝-17⅛	16¼	14⅞	16⅛	16⅛
Three months	16⅛-16⅛	16⅛-16⅞	16⅜-16⅝	16¼-16¾	15⅞	16¼	—	—	14⅞-14⅞	15⅛
Six months	15⅝-15⅝	15⅝-15⅝	—	15½-15⅞	15⅝	15¾	—	—	—	—
Nine months	14½-14⅞	14½-14⅞	15⅜	15-15½	15⅝	15¾	—	—	—	—
One Year	14⅛-14⅞	14⅝-14¾	14¾-14⅞	14½-14¾	14⅞	15¼	—	—	—	—
Two years	—	—	14⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅝ per cent; four years 14-14⅝ per cent; five years 13⅞-14⅛ per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅛ per cent; four-month trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14⅞ per cent; three-months 14⅞ per cent. Approximate selling rate for one-month bank bills 15⅞-16⅛ per cent; two-months 15⅞ per cent; three-months 15⅞ per cent; one-month trade bills 16⅝ per cent; two-months 16⅛ per cent; and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 18 per cent. Treasury Bills: Average tender rates of discount [illegible]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 3, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.1813
Algeria	Dinar	3.8325
Andorra	French Franc	4.138
	Spanish Peseta	72.595
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1873.00
Australia	Australian $	0.8551
Austria	Schilling	12.605
Azores	Portug. Escudo	42.52
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3779
Balearic Isles	Spanish Peseta	72.595
Bangladesh	Taka	14.7357
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.587
	B. Franc (F)	29.002
Belize	Belize $	2.00
Benin	C.F.A. Franc	200.90
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8195
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7708
Brazil	Cruzeiro	55.75
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.1225
Bulgaria	Lev	0.879
Burma	Kyat	0.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	206.80
Canada	Canadian $	1.1553
Canary Islands	Spanish Peseta	78.585
Cape Verde Isle	Cape V. Escude	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	206.90
Chad	C.F.A. Franc	206.90
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.70
Comoros Islands	C.F.A. Franc	205.90
Congo (Brazzaville)	C.F.A. Franc	205.90
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.50
Dem.Rep.S'oToma & Principe	S. Tome Dobra	34.22
Denmark	Danish Krone	5.5115
Djibouti Rp. of	Djibouti Franc	109.737
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'en Peso	1.00
Ecuador	Sucre	88.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	72.595
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.5115
Falkland Islands	Falkland Is. £*	0.4155
Fiji Islands	Fiji $	0.7982
Finland	Markka	3.6375
France	French Franc	4.138
French C'ty in Af.	C.F.A. Franc	206.90
French Guiana	Local Franc	4.138
French Pacific Is.	C.F.P. Franc	59.1368
Gabon	C.F.A. Franc	206.90
Gambia	Dalasi	1.656
Germany (East)	Ostmark (O)	1.7805
Germany (West)	Deutschemark	1.7805
Ghana	Cedi	2.15
Gibraltar	Pound*	2.4155
Gilbert Is.	Kiribati	0.8551
Greece	Drachma	42.625
Greenland	Danish Krone	5.5115
Grenada	E. Caribbean $	2.7025
Guadeloupe	Local Franc	4.139
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.2747
Guinea Republic	Syli	18.6681
Guyana	Guyanese $	2.5411
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.9385
Hungary	Forint (O)	32.6028
Iceland	I. Krona	498.50
India	Ind. Rupee	7.8125
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.117
Israel	Israeli Pound (4)	55.31
Italy	Lira	847.25
Ivory Coast	C.F.A. Franc	206.90
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	217.95
Jordan	Jordan Dinar	0.298
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3053
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2871
Lao P'ple D. Rep.	Kip of Lib.	15.00
Lebanon	Lebanese Pound	3.4312
Lesotho	Loti	0.7541
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2951
Liechtenstein	Swiss Franc	1.6371
Luxembourg	Lux Franc	29.597
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	206.20
Madeira	Portuguese Escudo	49.52
Malawi	Kwacha	0.8055
Malaysia	Ringgit	2.138
Maldive Islands	Mal Rupee	3.95
Mali Republic	Mali Franc	413.80
Malta	Maltese Pound	0.3385
Martinique	Local Franc	4.138
Mauritania	Ouguiya	41.39
Mauritius	M. Rupee	7.5524
Mexico	Mexican Peso	22.9885
Miquelon	French Franc	4.138
Monaco	French Franc	4.138
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.85
Mozambique	Moz. Escudo	27.9859
Namibia	Rand	0.7541
Nauru Is.	Aust. $	0.8551
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9357
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0137
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	206.90
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.825
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6563
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	293.94
Philippines	Ph. Peso	7.56
Pitcairn Islands	NZ $	1.0157
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.52
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.158
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound	2.4155
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.138
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	847.25
Saudi Arabia	Saudi Riyal	3.3192
Senegal	C.F.A. Franc	206.90
Seychelles	S. Rupee	6.5195
Sierra Leone	Leone	0.628
Singapore	Singapore $	2.1325
Solomon Islands	S.I. $	0.8551
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7541
Spain	Peseta	72.595
Spanish Ports in North Africa	Sp. Peseta	72.595
Sri Lanka	S. L. Rupee	15.45
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7541
Sweden	S. Krona	4.1515
Switzerland	Swiss Franc	1.6371
Syria	Syria Pound	3.9268
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	206.90
Tonga Islands	Pa'anga	0.8551
Trinidad & Tob	Trin. & Tob. $	2.4065
Tunisia	Tunisian Dinar	0.4151
Turkey	Lira	90.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8551
Uganda	Ug. Shilling	7.5055
United Arab Emir.	UAE Dirham	3.6704
United Kingdom	£ Sterling*	2.4155
Upper Volta	C.F.A. Franc	206.90
Uruguay	Urug. Peso	9.39
U.S.S.R.	Rouble	0.657
Vanuatu	Aust. $	0.8551
Vanuatu*	FNH (5)	62.8714
Vatican	Italian Lira	847.25
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.5475
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.45
Zaire Republic	Zaire Zaire	1.9792
Zambia	Kwacha	0.7748
Zimbabwe	Zim $	0.5935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shek'els. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

WORLD STOCK MARKETS

Sharp early gains for Dow

Prices moved sharply higher early, with the Dow Jones Industrial Averago tooching 962.30, 9.04 up, at 10.30 am. The tendency then became easier, however, partly because the Stock Exchange tape was running as much as 20 minutes late and traders were reluctant to deal without current prices.

At 1 pm, the Dow figure was 954.95, up 1.78. The NYSE All Common Index, after closing at a record $72.71 on Wednesday, advanced 13 cents to $72.84. Advances led declinos 9 to 5 on volume of 40.31m shares (33.79m).

Declining interest rates were seen as a main cause of the growing demand for stocks.

Major retailers reported generally improved August sales but the news had little impact on their stocks. K Mart slipped ¼ to $23¾; F. W. Woolworth was unchanged at $27 and Sears Roebuck, which reported a sales drop, was unchanged at $18.

Ford Motor, which jumped $2 on Wednesday, slipped ¼ to $29¾ after reporting a drop in late August car sales.

Active Zenith Radio added ¾ to $17½. It plans to offer $50m of convertible subordinated debt. British Petroleum, which reported improved second-quarter profit, added ⅜ to $33¾. Reading and Bates, which will split three-for-two and raise the dividend, added $2 at $59¾.

THE AMERICAN SE Market Valuo Index addod 0.78 at 333.92 by 1 pm on volume of 6.37m shares (8.12m).

Canada

Despite retreating from earlier levels, the market was sharply higher in heavy trading at noon. The Toronto Composite Index was 14.4 up at 2279.9 with advances leading declines by more than 2 to 1. The Oil and Gas Index eased 0.1 to 4,807.S, but Motals and Minerals were 28.9 higher at 2,269.9 and Golds 148.3 up at 5,474.6.

Kaiser Resources jumped C$20¼ to C$53¼ on 261,425 shares as the most active Industrial, while BC Resources, which announced a C$55-a-share bid for Kaiser, fell ¼ to C$6¾.

Kaiser has also agreed to sell some of its North Sea Brae field interest to a Swedish company.

Dome Mines gained C$3¼ to C$138, Campbell Red Lake C$2¾ to C$75¼ and Camflo C$1¾ to C$40¼.

Noon volume was 4.46m shares (3.26m).

Closing prices in North America were not available for this edition.

Germany

Buoyed by Wall Street and building on Wednesday's scattered gains, prices moved up in active trading, though leading Chemicals were neglected. The Commerzbank Index picked up 6.6 to 729.9.

VW led Cars up, gaining DM 4.90, with Daimler Benz putting on DM 4.50 and BMW DM 3.50. In Financials, Deutsche Bank added DM 4.40 to DM 291.30, and Stores extended recent gains with Kaufhof rising DM 5 to DM 179.

Public authority Bonds firmed after recent falls with prices gaining up to DM 0.90 though some issues posted small losses. The Bundesbank sold DM 17.5m into the rise.

Mark Eurobonds also recovered.

Milan

The market closed irregularly higher, with the markot index on the day gaining 0.40 per cent in active trading.

Banks and Insurances, recently neglected, attracted renewed buying interest. Pirelli, Viscosa, Fiat, Montedison and Bastogi were slightly easior.

Steels were hit hardest after news from Brussels about more EEC production cuts in the fourth quartor. Finsider lost L17 to L92.50 and Italsider L27 to L349.

Olivetti, Saffa, Halcementi and Centrale were little changed.

Among Insurances, RAS and Pesenti group did well, with RAS closing at a record high level.

Amsterdam

Prices closed mixed to easier, with Phillips (up Fl 0.10) and Unilever (up Fl 0.50) higher in otherwise declining Dutch internationals.

ABN rose Fl 3 in mainly highor Banks, but NMB lost Fl 0.70, whils Nedlloyd eased Fl 1.20 and Elsevier Fl 1.50. Insurances firmed, with inactive Amfas Fl 2.10 higher and Nat Ned, announcing increased first-half profits, Fl 0.40 up. Inactives Int-Mueller and Wessanen, both on higher first-half profits, were Fl 0.20 and Fl 0.90 higher respectively.

Johannesburg

Gold shares closed firmer in fairly heavy buying.

Western Deep, Randfontein, St. Helena and Harties were between R1.5 and R3 firmer, with other Heavyweights 50c to R1 up, whilo Medium and Lightweights were generally 50c to R1 firmer. Mining Financials shadowed Golds, with Gencor up 25c at R26.75 on interim results. De Beers gained 50c at R12.80. Platinums were mixed and other Metals and Minerals steady to firmer.

Industrials closed mixed to firmer.

Singapore

Prices closed mixed after a quiot day, with the Straits Times Index edging up 1.33 to 605.29. Plantations were mostly down, Banks steady to lower, and Properties mostly higher. Sime Darby held unchanged on S$7.50, and later announced group pre-tax profits for the first half of 1980 up 253.8 per cent to S$45m, and turnover up 17.9 per cent to S$593m.

Tokyo

Prices closed easier in moderate trade. The Nikkoi-Dow Jones average moved down 9.71 to 6,917.56 on volume of 360m shares, whilo the Tokyo SE Index shed 0.39 to 479.35. Declines led advances 343 to 300.

After an initial strengthening in line with tho overnight rally on Wall Street, shares generally retreated on profit-taking and liquidations later in the day.

Matsushita Electric fell Y5 to Y726, Arabian Oil Y50 to Y2,760, Nippon Steel Y1 to Y139, Hitachi Y2 to Y315 and TDK Electronics Y10 to Y2,650.

Constructions, Cements and Electric Cables firmed on hopes that the Japanese Government would today adopt a plan to boost the economy which would increase public works spending.

Najima rose Y6 to Y315, Nippon Cement Y4 to Y215, Fujikura Cable Y10 to Y200, and Wakachiku Construction Y12 to Y280.

Sony, Sharp and some other Light Electricals also gained ground.

Hong Kong

The market moved sharply down on profit-taking, with the Hang Seng Index shedding 20.58 to 1,216.62. Turnover of HK$600.11m on the four exchanges was also well down on the week's best.

After announcing a joint property venture, Cheung Kong and Hong Kong Land both slipped 70c to HK$27.30 and HK$18.10 respectively. Dealers said the venture helped to remove speculative interest from the market and depress other shares.

Hong Kong Wharf eased HK$2 to HK$91, Hutchison Whampao 80c to HK$12.70 and Jardine Matheson 90c to HK$20.30.

Australia

Stocks closed mixed to lower in light trading as local sellers offset renewed overseas buying. The Sydney All Ordinaries Index slid 1.97 to close at 960.41, but rises outpaced falls by 86 to 46 among Mines, 33 to 13 among Oils, and 67 to 43 among Industrials.

In Melbourne, active trading in speculative issues highlighted business.

Indices

NEW YORK — DOW JONES

	Sept. 3	Sept. 2	Aug. 29	Aug. 28	Aug. 27	Aug. 26	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
●Industr'ls	953.16	940.78	932.59	930.38	943.08	955.41	958.72 (15/8)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	69.15	68.99	68.89	68.82	68.87	(u)	76.61 (25/6)	65.87 (28/3)	—	—
Transport	328.18	324.62	320.11	317.98	328.17	323.35	328.18 (5/8)	233.15 (5/8)	328.18 3/8	12.23 (8/7/32)
Utilities	113.38	111.88	110.96	110.26	110.45	110.77	115.08 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	52,620	35,390	35,519	39,880	44,809	41,780	—	—	—	—

●Day's high 955.20 low 232.85

Ind. div. yield %	Aug. 29	Aug. 22	Aug. 10	Year ago (approx)
	5.75	3.59	5.53	5.58

STANDARD AND POORS

	Sept. 3	Sept 2	Aug. 29	Aug 28	Aug. 27	Aug. 26	1980 High	1980 Low	Since Cmpil't High	Since Cmpil't Low
‡Indust'ls	142.57	140.45	138.85	138.55	140.30	141.67	145.26 (22/8)	111.09 (27/7)	145.26 (22/8/80)	3.52 (30/6/32)
§Composite	125.66	123.74	122.38	122.09	123.52	124.84	126.02 (22/8)	98.22 (10/2)	126.02 (22/8/80)	4.40 (1/6/32)

	Aug. 28	Aug. 20	Aug. 13	Year ago (approx)
Ind. div. yield %	4.73	4.72	4.70	4.28
Ind. P/E Ratio	8.34	8.36	6.32	8.49
Long Gov. Bond Yield	11.32	11.10	10.87	8.98

N.Y.S.E. ALL COMMON

Sept. 3	Sept. 2	Aug. 29	Aug. 28	1980 High	1980 Low
72.71	71.28	70.63	70.35	72.71 (3/9)	65.30 (27/3)

Rises and Falls	Sept. 3	Sept. 2	Aug. 29
Issues Traded	1,920	1,881	1,865
Rises	1,354	1,033	730
Falls	314	384	753
Unchanged	258	324	396
New Highs	137	72	43
New Lows	3	3	10

MONTREAL

	Sept. 3	Sept. 2	Aug. 29	Aug. 28	1980 High	1980 Low
Industrial	392.80	387.54	384.85	384.37	425.80 (23/2)	323.21 (27/3)
Combined	366.88	362.48	358.54	358.28	378.38 (23/2)	288.30 (27/3)
TORONTO Composite	2265.5	2238.1	2218.0	2205.70	2271.7 (22/8)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Ramada Inns	880,500	10	+1⅛
Am. Tel. & Tel.	813,400	55½	+1
Pullman	604,500	47½	+8½
AMF	600,100	22¾	+1⅛
Westn. Airlines	591,100	8⅛	+⅛
Texaco	444,000	38¼	+⅞
Phillips Pet.	421,600	43⅞	—
Beatrice Foods	420,400	22½	+¼
Sony	398,400	12⅞	+⅛
Tesoro Pet.	392,400	26⅞	+1⅛

	Sept. 4	Sept. 3	Sept. 2	Sept. 1	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1/1/80)	955.19	962.38	954.05	944.54	976.54 (26/8)	760.00 (2/1)
Metal & Minrls. (1/1/80)	6147.88	6197.57	6138.05	6080.07	6600.85 (14/2)	4081.25 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.27	67.24	67.29	67.41	69.48 (7/1)	65.59 (19/8)
BELGIUM						
Belgian SE (31/12/63)	91.85	91.87	91.94	91.99	106.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	95.87	96.57	96.32	96.51	97.20 (12/8)	74.78 (6/3)
FRANCE						
CAC General (29/12/61)	111.8	111.5	111.2	110.5	117.5 (22/2)	97.1 (3/1)
Ind Tendance (29/12/79)	118.8	117.4	117.8	118.8	118.5 (4/9)	98.6 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	233.05	230.75	228.99	228.38	238.89 (25/2)	212.76 (28/3)
Commerzbank (Dec. 1953)	729.9	723.3	721.1	721.5	749.2 (25/2)	667.8 (27/3)
HOLLAND						
ANP-CBS General (1970)	85.2	86.5	85.1	85.1	86.0 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	64.6	64.7	65.0	64.9	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1216.62	1237.18	1224.56	1230.85	1239.85 (1/9)	738.9 (19/3)
ITALY						
Banco Comm. Ital (1972)	128.27	127.74	128.75	128.32	128.75 (2/9)	86.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6917.56	6927.27	6915.40	6889.54	6930.88 (27/8)	6475.35 (27/3)
Tokyo New SE (4/1/68)	479.35	479.70	479.10	476.14	478.74 (3/9)	449.01 (18/3)
NORWAY						
Oslo SE (1/1/72)	122.88	121.61	120.22	118.07	144.78 (14/2)	113.12 (28/3)
SINGAPORE						
Straits Times (1966)	605.29	603.96	606.30	605.85	606.36 (2/9)	423.76 (3/1)
SOUTH AFRICA						
Gold (1958)	(a)	873.8	856.9	(c)	879.0 (3/9)	649.5 (2/7)
Industrial (1958)	(e)	814.7	618.5	(c)	823.5 (21/8)	466.0 (2/1)
SPAIN						
Madrid SE (28/12/79)	106.89	106.14	105.85	(c)	106.88 (4/9)	93.78 (13/3)
SWEDEN						
Jacobson & P. (1/1/58)	364.28	364.35	364.68	363.77	393.98 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	316.5	315.8	312.8	310.7	317.9 (11/2)	276.0 (26/3)
WORLD						
Capital Intl. (1/1/70)	—	152.6	150.8	149.8	152.8 (4/9)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Somalia sugar project open

By John Worrall in Somalia

SOMALIA WILL be entirely self-supporting in sugar with a production of 70,000 tonnes a year when the $188m (£77.82m) Juba River project is fully on stream in 1984.

The project, which was set ... flood which inundated the ... river floods in November, 1977, was opened this week in the absence of the Somali President Siyad Barre, by the Somali Minister of Industry, Dr. Ali Khalif Galaydh.

It is an almost all-Arab financed project, with $95.5m from Abu Dhabi, $82m from the Saudi Fund for Development, and $10.5m from the Open Special Fund.

Almost all the technology is supplied by Britain, with Booker Agriculture International as managing agents. The factory, with a capacity of 4,700 tonnes a week, was designed, supplied and commissioned by the Booker McConnell subsidiary, Fletcher and Stewart.

The Juba project is the largest grass roots development ever undertaken by Somalia. A large flood protection embankment has been built which it is hoped will avert the kind of flood which inundated the project after its first two years of construction.

EEC butter deal rejected by NZ

BY JOHN WYLES IN BRUSSELS

NEW ZEALAND'S on/off deal with the EEC covering its future butter exports to the Community, was deadlocked last night after the rejection of a revised offer from Brussels.

As a result, the UK was expected to seek a special meeting of the EEC agriculture ministers to try to resolve an impasse which brings little credit to the Community.

In July the Nine's farm ministers appeared to agree to reduce the import duties on New Zealand's butter exports in return for a cut in deliveries to the EEC this year, from 115,000 tonnes to 95,000 tonnes.

Subsequently, however, France reversed its apparent acquiescence in the agreement, and demanded a renegotiation. But yesterday New Zealand turned down a new offer which would have reduced the return to its dairy producers by £3.1m in comparison with the formula apparently agreed in July.

The original offer would have reduced the import duty on New Zealand butter so as to yield 75 per cent of the EEC's intervention price, instead of the current 50 per cent. Yesterday the Nine offered 72 per cent of the intervention price which was promptly rejected by New Zealand negotiators.

France's tactics have caused some mystification here. But the current arrangement governing New Zealand butter imports expire at the end of this year and with the EEC's dairy sector creating vastly expensive surpluses, Paris would obviously favour as restrictive a regime for New Zealand as possible.

Acli seeks Tennant Metals stake

By John Edwards, Commodities Editor

THE U.S. based Acli commodity group is seeking to acquire a stake in Tennant Metals Trading, ring-dealing member of the London Metal Exchange, it was confirmed yesterday. Talks are still going on, but it is understood that the suggestion is that Acli would become a substantial minority partner in Tennant Metals Trading, which is currently 75 per cent owned by Consolidated Goldfields and 25 per cent by the Japanese group, Marubeni.

Acli have been pressing to become ring-dealing members of the London Metal Exchange for some time, but so far their applications for membership have been turned down.

Acli, and its associate company A. C. Israel Woodhouse, are substantial traders in metals and commodities worldwide.

Zambian copper strike averted

A strike by Zambian copper workers has been averted, the Government-owned Zambian Daily Mail reported yesterday in Lusaka. The miners had threatened to strike in protest against employment conditions, but have now reached agreement with the two mining companies who offered pay increases to supplement the existing three-year contract terms, as well as promising to review the incentive bonus schemes. In the U.S. meanwhile, the settlement between Kennecott and the copper workers' unions to end the nine-week-old strike is still reported to be held up by failure to agree "local" issues.

However, the issues, which do not include wages, are expected to be resolved fairly soon leading to a return to work. Another big U.S. copper producer, Anaconda, has broken off negotiations with union representatives following deadlock at talks between the two sides. But Amax is to start negotiations today and other producers are expected to come under pressure for a settlement once the Kennecott deal is finalised.

On the London Metal Exchange yesterday cash copper wirebars closed £7.5 up at £839.5 a tonne following the uptrend in gold.

EEC FARM POLICY

Rising cost of surpluses

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

COMMODITY TRADERS are normally impressionable optimists. So the news of drought damage to the grain crops in the U.S., and a decline in Russian harvest prospects, is enough to set the markets moving.

This optimism is spreading to the extent that farmers in Britain and elsewhere in the EEC are coming to believe that the days of permanent shortage, as foreseen by the gloomy Malthus are at hand.

Malthus, for those who don't remember, was an 18th century cleric who forecast that within a few years world populations would grow to the extent that the possibilities of food production would have been exhausted, and mankind would perish from hunger and consequent disease. Over the last two centuries Malthus has been proved several hundred per cent wrong. The producers of food have suffered far more from over production than the reverse. Those who have suffered and are still suffering the pangs of hunger, are the victims of inefficiency or war, neither of which have the least bit to do with food production.

Because most food products are perishable—even grain has a limited store life—they have to be sold fairly quickly for what the market will pay at the time. Shortages are usually brief but can bring spectacular price rises in the same way that surpluses, even very small ones, can make markets crash. Because production is infinitely variable, due to climatic and other factors, no one has managed to find the answer to this price volatility.

It is perfectly true, as a cynical friend once declared, that the only real basis for a prosperous agriculture industry would be when the mothers of Britain were dropping their children over Waterloo Bridge rather than see them starve to death. At a time like that every scrap of food could be sold without argument from the buyer. However we are a long way from this state at the moment.

The present American wheat price, delivered in Chicago, is below £80 a tonne. The intervention price in Britain today for bread-making wheat is £109.55 a tonne and for feed wheat and barley is £97.59. For the record, too, U.S. wheat is quoted at £95.50 cif, Tilbury, and maize at £70 cif. American wheat is of higher protein and lower moisture than European grain. The only reason why the market is not flooded by imports is because of the EEC import levy of £48 per tonne on wheat and £44 on maize.

U.S. grain values set the world market prices. But they will have to rise substantially before UK grain would be able to compete without the aid of heavy subsidies or export restitutions, currently around £30 a tonne.

At present the UK market is suffering from marked indigestion. There is little exporting, and ¼m tonnes of barley and a sizable volume of wheat is flowing to intervention stores. The same applies in the other EEC countries.

Those who believe world grain prices will rise can point to the behaviour of the world sugar market over the past year. The EEC, instead of having to pay out a restitution of £153 per tonne as in September last year, is now collecting a levy around £25 a tonne on sugar exports, thanks to the surge in world values. This increase will make no difference to Community sugar price levels, but it might encourage those who were opposing the cuts on the Community production quota.

Dairy farmers were heartened in July by the statement by Sir Henry Plumb that the Community's surpluses of milk products were down to very manageable levels. This was, and is, absolutely true. But the shrinkage of the "mountains" of both butter and skimmed milk powder were due not to some unexpected flush of market demand, but to a most successful cut-price sales programme. Large subsidies have been used to dispose of the surpluses to Russia and other countries, as well as domestic subsidies for butter and to the animal feed industry to boost sales of skimmed milk powder.

The cost of this subsidisation this year is expected to total 4.4bn European Currency Units (around £2.6bn). In sterling terms, this is a reduction in the 1979 cost of around £3bn but the decline is entirely due to the strength of sterling.

In European markets meat is showing nasty signs of surplus too. Beef is going into intervention and even in Britain some 750 tonnes a week are taking this course. However, where the British farmer's gain is that their pig price is somewhat higher than that being received by their Continental colleagues.

In view of this trend the Commission in Brussels must be hoping for some really disastrous crop news from the U.S. and elsewhere. Otherwise the cost of disposing of the excess production of European farmers will continue increasing, inexorably bringing nearer the moment when the Community runs out of the wherewithal to finance it. It is only a question of time. What then?

EEC 'could run out of cash'

WASHINGTON — Increased farm prices approved by the European Community have put farmers ahead of inflation in France, Italy and Denmark, but left them behind general price increases in the other six member countries, according to an analysis by the U.S. Department of Agriculture.

Peter O. Kurz, a farm economist for the Department, says the real rate of farm price increases in Western Europe can only be obtained by adding the nominal price increases agreed by the Nine Governments to the increases obtained by changes in the "Green Currency exchange rate"

This method of figuring gives French farmers a price increase of 12.2 per cent, compared with an 11 per cent general inflation rate, and Italian farmers 18.5 per cent, compared with an inflation rate of 16.7. But prices to be paid to British farmers went up only 10.7 per cent, much less than Britain's 21.6 per cent inflation.

Irish, Belgian, Dutch and Luxembourg farmers will also find their price increases smaller than their increased costs, according to Kurz's table.

A farm expert at the Community's delegation in Washington said that at first glance, the method of calculation seemed reasonable, but he pointed out that the rises in prices on the goods that farmers buy may not correspond precisely to national inflation figures in any given country, for example, farmers who use a lot of fertilizer made from petroleum are hit harder than other citizens by big oil price increases.

Judith A. Philips, another Agriculture Department economist, predicted: "If agricultural expenditures continue to increase at about 18 per cent annually as projected, the Community's resources could be exhausted within two years."

She calculated that the EEC's outlay for agriculture in the current year would amount to $16.3bn because of the system under which it buys up surpluses in unlimited quantities at the agreed prices. She said dairy products, sugar, beef and grains are now in surplus — omitting to mention others such as wine and olive oil.

Warning on use of caffeine

By Sara Davies

A WARNING on the use of foods and drugs containing caffeine—present in coffee and tea—was made yesterday by the U.S. Food and Drug Administration in Washington.

The FDA plans to issue a warning to pregnant women to use foods that contain caffeine sparingly.

The warning results from a study in which the offspring of rats fed high doses of caffeine developed irreversible birth defects.

Jere Goyan, commissioner of the FDA, noted that the study has caused enough concern among FDA scientists that they feel a warning to pregnant women should be issued, although it was further noted that the FDA had no proof that the effect of caffeine on rats indicates that the same birth defects would occur in humans.

In London the coffee market showed little reaction, with robust futures closing £10 higher at £1,097.5.

Low quay prices hit Peterhead fishermen

BY RICHARD MOONEY

FISHERMEN at Peterhead, now Britain's most important fish port, fear they could succomb to the depression that has hit their Humberside colleagues unless trade at the port picks up soon.

Low catch quotas and declining quayside prices mean that most of them are losing money on every fishing trip, they claim.

Mr. Arthur Buchan, one of the Scottish east coast port's top skippers believes things are so bad that he is seriously considering quitting the UK fishing industry to accept a post teaching fishing to Americans.

As he surveyed his latest catch of good quality cod yesterday morning, he forecast that he would receive no more than about £27 a box (91 lb weight) for them compared with the £42 he was getting two years ago. Meanwhile costs had risen dramatically lifting his expected fuel bill this year to £53,000 against £43,000 in 1979.

"If this goes on we cannot survive," he said. Another skipper back from an eight day trip yielding 12 tonnes of fish said he would need to make at least £7,500 for his catch to be worth while. But more realistically he was hoping for £6,000 and feared he might get as little as £4,000.

Also feeling the pinch was Mr. Willie Hay, vice president of the Scottish Fishermen's Federation, who operate a 54 ft trawler from the port. His last catch, sold on Wednesday made a loss of £1,000, he estimated.

At that rate the £6,500 share he expected from the Government's recently announced £15m aid package would not last long, he observed.

Mr. Hay said he would have

Thai paddy buffer stock to be established

BANGKOK — Thai commerce Minister Tamchai Kamphato told rice exporters a paddy buffer stock of 600,000 tonnes will be established to help farmers sell their grain at Government support levels.

Half of the buffer stock will be paid by the Government and rice exporters are requested to contribute to the other half to cover their long-term forward sales.

Mr. Tamchai said the paddy buffer stock should be established at the beginning of the rice harvest season, November to March, when paddy is in heavy supply and its price generally low.

Soviet harvest nearly complete

THE USSR reported yesterday its grain harvest is nearly two-thirds complete, but official reports indicated farmers are still struggling in waterlogged fields in many areas.

A central statistical board report in Izvestia newspaper said that by September 1 grain and pulses (except maize) had been cut on 78.3m hectares or 63 per cent of the total. The crop had been threshed on 65.5m hectares, or 84 per cent of the cut area.

Detailed figures revealed big regional variations, reflecting the wet weather which has mostly affected the central, northern and western areas of the country.

Izvestia said the situation in the non-black earth regions of central Russia was difficult, and the harvest was being seriously hampered by rain. Of 16.7m hectares only 5.2m had been threshed. It said farmers were having to take emergency steps to get in the crops with the aid of urban workers, students and the army.

Near Moscow farmers were cutting the grain crop with machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the national weather service reported.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange reflecting the sharp rise in gold and silver. Forward metal opened around the mid £850s but fell away on profit taking to £846.5 in the morning kerb. During the afternoon the market moved up strongly, as Comex opened on a strong note, and forward metal lifted to close the late kerb at £862. Turnover: 21,150 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	838-9	-10	839-40	+7.5
3 months	848-9	-8.25	858-8.5	+7.5
Settlem't	828	-10	—	
Cathodes				
Cash	797-8	-8	806-7	+4.5
3 months	821-1.5	-7.25	830-2	+7
Settlem't	798	-8	—	.....
U.S. Prod.			*93.95-98.25	+8.45

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £828, three months £850, 49, 48, 48.5. Cathodes, cash untraded, three months £821, 21.5. Kerb: Wirebars, cash £827, three months £848.5, 48, 47. Cathodes, untraded. Afternoon: Wirebars, cash untraded, three months £857, 57.5, 57, 57.5, 58, 58.5, 58. Cathodes, untraded. Kerb: Wirebars, three months £860, 61, 60, 59.5, 60, 60.5, 61, 62. Cathodes, untraded.

TIN—Barely changed on balance. After opening at £7,130 forward metal dipped to £7,115 on the morning kerb with the contango widening to £25. In the afternoon the price held steady prior to closing the late kerb at £7,120. Turnover: 1,170 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7095-100	-27.5	7075-85	-25
3 months	7125-35	-10	7120-30	-2.5
Settlem't	7100	-30	—	.....
Standard				
Cash	7095-100	-27.5	7075-85	-25
3 months	7120-5	+12.5	7115-20	-10
Settlem't	7100	-30	—	.....
Straits E.	$2185	+6	—	.....
New York	—	.....		

Morning: Standard, cash £7,095, 90, 95, 7,100. Three months £7,130, 20. [illegible]

LEAD [illegible]

ZINC [illegible]

ALUMINIUM [illegible]

NICKEL [illegible]

CORAL INDEX: Close 489-494 (−1)

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

COTTON

[illegible]

WOOL FUTURES

[illegible]

POTATOES

[illegible]

MEAT/VEGETABLES

[illegible]

AMERICAN MARKETS

NEW York, September 4.

THE LIVESTOCK markets finished higher on aggressive commission house buying. [illegible]

Pork Bellies—Feb. 64.25-64.57 (62.57), March 64.25-64.32 (62.32), May 65.50-65.35, July 65.60, Aug. 64.50. [illegible]

EUROPEAN MARKETS

ROTTERDAM, September 4. [illegible]

U.S. No. Two Red Winter, Sept. $204, Oct. $206, Nov. $209. U.S. No. Two Northern Spring 14 per cent: Sept. $212, Oct. $218, Nov. $222, Dec. $228, Jan. $244, Feb. $250, March $252.

Maize—AFL $171, Sept. $169.50, Oct. $170, Nov. $170.50, Dec. $174, Jan.-March $179.50, April-June $160, July-Sept. $179.

Soyabeans—U.S. Two Yellow Gulfports, Sept. $330.25, Oct. $332.50, Nov. $334.25, Dec. $340.25, Jan. $344.75, Feb. $350.50, March $351.50, April [illegible]

... Aug. $278, Sept. $283, Oct. $285.50, Nov.-March $297. Brazil pellets afloat $285, Aug. $288, Sept. $293, Oct. $298, Nov.-March $309.

PARIS, September 4.

Cocoa (FFr per 100 kilos)—Sept. 865-885, Dec. 935-945, March 970-979, May 980-1005, July 1010-1040, Sept. 1030-1080. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 3120-3130, Nov. unquoted, Dec. 3215-3220, March 3340-3348, May 3330-3345, July 3210-3300, Aug. 3250-3275, Oct. 3120-3140. Sales at call 8.

INDICES

FINANCIAL TIMES

Sept. 3	Sep. 2	M'nth ago	Year ago
274.4	274.54	275.75	292.07

(Base: July 1, 1952=100)

MOODY'S

Sept. 3	Sept. 2	M'nth ago	Year ago
1242.4	1243.2	1230.7	1104.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 3	Sept. 2	Month ago	Year ago
Spot	448.42	447.87	445.44	401.27
F'tur	469.54	467.07	464.97	405.85

(Average 1924-25-26=100)

REUTERS

Sept. 4	Sept. 3	M'nth ago	Year ago
1731.8	1734.4	1716.0	1587.8

Base: September 18, 1931=100)

Strategic stockpile unlikely

GOVERNMENT finance is not likely to be made available for a strategic stockpile of minerals in Britain.

In spite of the Department of Industry's enthusiasm for the idea the Treasury, and probably the Cabinet, are expected to be unwilling to earmark some £100m of scarce government funds for the purpose.

But the inter-ministry struggle is doing nothing to dampen the enthusiasm of traders for encouraging new investment by the wider public in strategic materials. Since West Germany and France decided to stockpile earlier this year to help secure supplies of, in particular, scarce metals used in steelmaking, the concept has steadily gained in popularity.

It was given a fillip in Britain by a recommendation by the Royal Institute of International Affairs that Britain should have its own base metal stockpile and an emergency stockpile of cobalt, ferro-chromium, ferro-vanadium, and ferro-manganese.

A company has now been formed to attract funds into a portfolio of 10 strategic metals not traded on the formal commodity exchanges. Strategic Metals Corporation of 150 Regent Street, W1, is basing its 10-metal index upon chromium, cobalt, columbium, indium, magnesium, molybdenum, rhodium, silicon, tantalum, and tungsten. The company claims that the 10 have increased in value seven-fold in eight years.

BP and other trading statements support equities
Gilts more cautious but shorts rally well from lowest

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6

* "New time" dealings may take place from 8 am two business days earlier.

Better than expected trading statements from British Petroleum and other industrials gave London equity markets cause yesterday to extend tha previous two-day upturn. Most sectors were content to tick over awaiting the 12.30 pm Minimum Lending Rate announcement. The absence of a reduction in the 16 per cent level this week made little impact on market sentiment which remained more optimistic than recently ahont a cut in the rate in the near future.

In view of a recent bearish Press and market downgrading of BP's second-quarter results, the increased figures came as a pleasant surprise and BP rallied swiftly from a lower early level of 340p to 356p hefora settling a net 4 up at 348p. The interim profits announced by Cadbury Schweppes also beat most estimates and a rise of 4½ to 66p followed, with other leading Foods improving in sympathy. Helped by the gains in the two above-mentioned constituents, the FT Industrial Ordinary share index put on 1.0 further to 490.8. Mirroring the overall firm scene, rises in FT-quoted industrials again ontnumbered falls, although by a reduced ratio of 9-to-4.

Government stocks turned hesitant after the recent strong recovery. Early news that the authorities were to extend the gilt-edged sala and repurchase facility to the clearing banks was expected and bad no effect on the market. In the absence of any follow-through investmeot support, short-dated issues encountered profit-taking and reacted by up to ⅝ before staging an impressive late rally on suspected American buying. Quotations ended only fractionally easier on balance. Similar conditions obtained at the longar end of the market where losses were eventually balved to around ¼ in much quieter trading.

The volume of business in the traded option market contracted quiet sharply with only 730 deals arranged compared with the previous day's 1,278. Lonrho were active agaio, recording 132 deals, and Courtaulds cootributed 120.

FT-Actuaries

The pnblisbed valnes of groups 21, 49, 59 and 99 bave all been understated, by percentages nf 0.3306, 0.1409, 0.1122 and 0.0931 respectively, from August 5 to September 3 inclusive dne to a computer malfunctinn.

Corrected valnes from August 29 tn September 3 are included in today's display, and a full list nf the cnrrected indices will be pnblished in tomnrrow's issne in which the display will contain corrected 1980 highs and, for group 99, the All-Share index, the amended high since compilation.

Sun Alliance up again

Following comment on the interim statements, Sun Alliance gained 16 to 768p, Phoenix 8 to 300p and GRE 8 to 338p. Other Composites also made useful progress with Royals closing 13 to the good at 433p and Eagle Star 3 dearer at 241p. Elsewhere, Equity and Law appreciated 4 to 316p as did Pearl, to 410p. Lloyda brokers, however, were dull: Willis Faber lost 5 further to 235p, C. E. Heath 4 to 193p and Hogg Robinson 3 to 115p. Edinburgh and General closed unaltered at 29p; the price in yesterday's issue was incorrect.

Merchant Banks encountered selective support. Manson Finance stood out with a rise of 5 to 59p, after 60p, while improvements of 6 and 7 respectively were seen in Arbuthnot Latham, 210p and Hambros, 557p. Keyser Ullmann put on 3 to 98p. In Discounts Allen Harvey and Ross gained 5 to 405p as did Cater Ryder, to 365p; the former's interim figures are due next Thursday. Quietly firm conditions prevailed in the major clearers which closed with rises of around a couple of pence.

Leading Breweries failed to attract follow-through support after a firmer opening and most closed around the overnight positions. Regional issues displayed a mixed appearance with Vaux easing a penny more to 141p. Higsons, however, added 3 to 78p, while Adnams A rose 10 to 230p. Among Distilleries, Invergordnn ended unchanged at 202p following the interim results, bot the chairman's uncharacteristic caution at the annual meeting clipped 3 from H. P. Bulmer, 183p.

Selective buying interest was evident in the Building sector. Comment on BICC's conditional bid of 110p helped Higgs and Hill improve 3 more to 92p; BICC put on 8 to 141p. Elsewhere in Contracting issues, Taylor Woodrow advanced 9 to 486p and SGB 6 to 164p. Newarthill firmed 5 to 305p and George Wimpey edged np 2 to 87p. On the other band, Costain, a rising market of late, eased 2 to 184p following half-yearly results in line with expectations. Elsewhere, buying in a thin market lifted BPB 8 to 232p.

Among Chemicals, ICI again traded quietly and closed 2 cheaper at 362p.

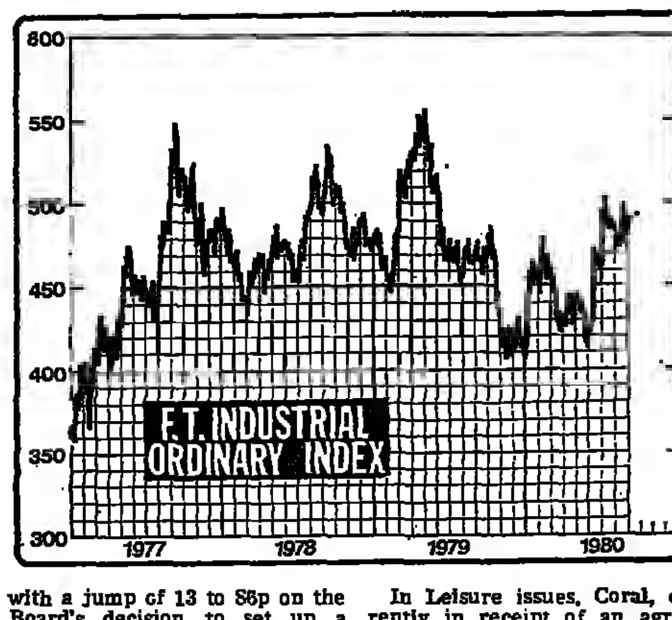
Activity among Stores was again mainly confined to secondary issues. H. Goldman added 2 more to 32p, while Waring and Gillow, preliminary results dne today, rose a similar amount to 106p. Comment on Wednesday's interim statement lifted I. J. Dewhurst a few pence to 56p, while takeover speculation was good for 4 on Cornell Dresses, 26p. Owen Owen rose 4 to 112p, while Grant Bros. 105p, and Elys (Wimbledon), picked up 3 apiece. Raybeck added a penny to 68p ahead of today's annual results.

Ferranti advance

Asaisted by news of the £100m NATO defence contract and the Government hint that it might consider changing its defence procurement policy to increase the competitiveness of British companies, leading Electricals got off to a lively and firm start. However, lack of austained interest hrought prices hack to end around overnight closing levels. The two beneficiaries from the NATO contract, GEC and Plessey, ended unaltered at 498p and 240p. Outside the leaders, demand in a restricted market left Ferranti 24 to the good at 447p. Interest revived in Hawthnrn Leslie which put on 4 to 124p, while Whitwnrth Electric firmed 3 more to 51p making a rise of 30 since the results were announced last Monday. Crystalate improved 3 tn 51½p and Derritron 2 to 33p, while Quest Antomation, 175p, and Amstrad, 100p, gained 5 apiece.

Engineering leaders failed to show a decided trend. John Brown bardened 2 to 65½p, bnt GKN drifted off to close 5 cheaper at 227p; the latter's interim results are due shortly. Among secondary issues, good interim results stimulated a lively trade in Northern Engineering which firmed 3 to 65p, bnt lower balf-yearly profits prompted a reaction of 4 to 74p in Midland Industries. Buyers showed interest in Howden Gronp which put on 6 to 118p and RHP, a few pence dearer at 114p. Westland, however, encountered profit-taking after the recent good rise and reacted 2 to 126p.

First-half earnings from Cadbury-Schweppes proved to be in excess of market expectations and the shares jumped 4½ to 66p. Other Food leaders trended firmer in sympathy. J. Sainsbury picked up 7 for a two-day gain of 25 at 495p, while Rowntree Mackintosh added a couple of pance to 170p. Fitch Lovell firmed a few pence to 76p, while Linfood hardened a penny more to 166p. Other Retailers also came in for support with Kwik-Savs elosing 4 up at 131p, and Bejam 7 to the good at 93p. A favourable Press mention helped Nurdin and Peacock, 10 better at 167p, while Associated British Foods added 3 more at 128p. Somportex continued to attract issue. Speculative huying lifted PMA 6 to 35p, after 36p, while Royal Worcester rose 12 to 300p on recovery hopes. Still reflecting share-slimming hopes. De La Rue gained 15 to 845p, while Sotheby's improved 7 to 460p on iovestment buying. BTR improved a few pence to 378p ahead of Monday's interim results, while Letraset International found support at 124p, up 4. In contrast, Sharna Ware fell 8 to 160p on the sharply lower ioterim earnings and BET lost a similar amount to 142p following disappointment with the annual results. The cautious statement accompanying the results prompted a reaction of 2 to 58p in Grimshawe. Jardine Matheson lost 6 to 174p following Far-Eastern advices.



with a jump of 13 to 86p on the Board's decision to set up a small stores group.

Bowater dull

Bowater encountered selling ahead of next Tuesday's interim results and closed 7 down at the day's lowest level of 166p. Other miscellaneoua industrial leaders closed with narrow mixed movements after another quiet session. Turner and Newall bardened a penny to 110p ahead of next Thursday's mid-term figures and Reckitt and Colman, first-half results dne on Tuesday, edged forward 2 to 210p. Aeronautical and General Instruments featured secondary issues, continuing its recent rise with a jump of 35 to 495p on news of the proposed 100 per cent scrip—good support in a restricted market and advanced 17 more for a two-day rise of 35 at 205p. Amos Hinton were prominent

In Leisure issues, Coral, currently in receipt of an agreed offer from Grand Metropolitan, rose 2 at 92p, still well below the ahare-exchange terms of 99p per share. Black and Edgington, dull on Wednesday following the interim loss and passed dividend, rallied to 32p before closing a net 2 to the good at 30p.

Publishing issues were again featured by Haynes which closed 6 lower at 125p, still reflecting the prospect of a missed profits forecast.

Desplte the authorities' decision to leave minimum lending rate unchanged. Properties contimied firmly, but closed below the best in places. Land Securities rose 3 to 373p, after 375p, while MEPC added a couple of pence to 240p, after 242p. Still reflecting bid bopes, Rush and Tompkins improved 2 more making a galn on the week so far of 24 at 220p. Winston Estates hardeued 2 to 54p on the interim statement, while improvements of 5 were seen in Hammerson "A," 525p, and Property Partnerships, 215p. Up 10 on Wednesday following details of its joint venture with Hong Kong Land, Cheung Kong lost 9 on profit-taking to 228p; HK Land finished 7 down at 154p.

BP below best

Half-yearly results well above recent estimates took British Petroleum up to 356p, before settling only 4 higher on the day at 348p. The group's figures had little impact on other Oils which finished the day on a quietly dull note. Among the speculative issues, details of Svenska's Brae field deal prompted a reaction of 11 to 285p in Sovereign after the previous day's late npward flurry. Aran were also dull at 434p, down 14, while Double Eagle reacted 10 to 230p. Clyde, on the other band, rallied 20 more to 470p and Cluff improved 5 to 300p, while speculative interest was shown in KCA which put on 5 to 96p.

Investment Trusts turned prominently hetter yesterday with buyers paying particular attention to selected capital issues. New Throgmortnn Capital closed 18 higher at 185p, while Derby Capital advanced 12 to 207p and M and G Capital put on 5 to 172p. Elsewhere, Aberdeen advanced 5 to 85p. Financials were featured by a rise of 3 to 97n in Charterhouse Group following the increased interim profits, while demand in a thin market prompted a rise of 7 to 77p in R. P. Martin. Mercantile House improved 4 to 294p.

In Shippings, Manchester Liners jumped 22 to 212p on late news of the scheme of arrangement with Furness Withy.

Textiles were featured by Brigray which closed 3 higber at 8p following the appointment of three new directors. David Dixon firmed a couple of pence to 107n awaiting today's full-year results.

Golds rise

South African Golds continued to dominate activity in mining markets as another good performance hy the bullion price—finally $10 ahead at $647.50 an ounce—led to renewed demand from most international centres, notably the Cape, and lifted the Gold Mines index a further 5.5 to 410.5.

Financials were equally strong, and featured by Anglo American, 25 up at 685p, and De Beers, 22 ahead at 434p.

Gencor advanced 30 more to 900p in front of the sharp rise in half-year profits and the doubled interim dividend. Heavy American support lifted Minorco 30 to 395p.

London Financials continued to gain ground led by RTZ which jumpad 9 for a threa day rise of 35 to 466p, while Gold Fields added 7 to 545p, Charter 5 to 242p and Tanks 2 to 327p. Renewed Johannesburg interest lifted East Rand Consolidated a further ½ to 28p.

Australians generally eased although the speculative issues and energy stocks tended to move ahead. Among the leading issues Western Mining gave up 10 to 285p, despite the sharply improved results, while CRA dipped 4 to 306p, North Broken Hill 4 to 193p and Bougainville, a like amount to 112p.

Profit-taking left Nnrthgate 10 cheaper at 440p but, elsewhere in Iriah-Canadians, Sabina added 3 more to 45p and Tara advanced 50 to 560p.

FINANCIAL TIMES STOCK INDICES

	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 29	Aug. 28	A year ago
Government Secs.	68.93	69.04	68.60	68.09	67.72	67.70	73.33
Fixed Interest	70.15	69.95	69.51	60.27	69.84	69.86	73.60
Industrial	490.8	489.8	482.7	480.7	483.9	482.7	490.7
Gold Mines	410.5	405.0	401.0	387.1	389.7	390.9	188.3
Ord. Div. Yield	7.47	7.47	7.57	7.58	7.55	7.57	6.93
Earnings, Yld. % (full)	17.37	17.36	17.56	17.65	17.54	17.90	17.24
P/E Ratio (net) (*)	7.02	7.02	6.93	5.90	6.94	6.78	7.30
Total Bargains	18,767	18,365	16,988	16,373	18,550	18,946	15,084
Equity turnover £m.	—	97.88	93.96	80.42	122.23	116.85	94.27
Equity bargains total	—	14,046	11,863	11,851	14,724	15,083	12,564

10 am 492.7, 11 am 491.0, Noon 491.4, 1 pm 492.3, 2 pm 491.8, 3 pm 491.6.
Latest Index 01-246 8026.
*Nil=6.54.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	54.70 (19/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.0 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	410.5 (4/9)	255.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 4	Sept. 3
—Daily		
Gilt Edged	108.5	104.0
Industrials	99.0	114.2
Speculative	50.0	50.3
Totals	68.7	76.2
5-day Avrge.		
Gilt Edged	144.5	100.3
Industrials	102.0	98.3
Speculative	47.2	54.2
Totals	70.5	68.3

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (124)

AMERICANS (7)
CANADIANS (1)
BANKS (4)
BEERS (1)
BUILDINGS (1)
CHEMICALS (1)
DRAPERY & STORES (2)
ELECTRICALS (13)
ENGINEERING (5)
FOODS (10)
HOTELS (1)
INDUSTRIALS (8)
INSURANCE (5)
LEISURE (2)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (9)
SHIPPING (1)
TEXTILES (2)
TRUSTS (27)
OIL & GAS (2)
OVERSEAS TRADERS (1)
MINES (17)

NEW LOWS (21)

BEERS (1)
Tomatin
BUILDINGS (2)
Heywood Williams Leyland Paint
CHEMICALS (2)
Arrow Chemicals Croda Internatl.
STORES (1)
Helene of London 12pc Conv. Pref.
ELECTRICALS (1)
Audiotronic 12pc Ptg. Pref.
ENGINEERING (4)
Brown & Tawse Lane (Percy)
Ductile Steels Manganese Bronze
FOODS (1)
Lockwoods
INDUSTRIALS (4)
Beljerinvest Jacksons Bourne End
Dinkie Heel Nash (J. F.)
SHOES (2)
Scott (David) Stylo Shoes
TEXTILES (1)
Blackwood Morton
TRUSTS (1)
Lamont Hldgs.
OIL & GAS (1)
Sun (UK) Royalty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	71	23
Corns, Dom. and Foreign Bonds	21	6	38
Industrials	308	134	962
Financial and Prop.	261	27	217
Oils	26	13	17
Plantations	3	3	18
Mines	67	36	56
Others	86	9	70
Totals	761	299	1,391

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Thurs., Sept. 4, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Sept. 3 Index No.	Tues. Sept. 2 Index No.	Mon. Sept. 1 Index No.	Fri. Aug. 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	284.03	+0.5	15.93	5.82	7.58	282.68	279.05	278.09	279.47	246.43
2	Building Materials (28)	252.31	+0.5	18.33	6.77	6.47	251.32	251.88	251.87	252.37	233.46
3	Contracting, Construction (27)	439.75	+0.4	22.15	5.81	5.36	438.33	432.75	431.50	430.30	390.16
4	Electricals (17)	651.55	+0.4	13.11	3.12	10.63	648.46	631.07	626.70	633.44	626.57
5	Engineering Contractors (11)	340.68	+1.5	18.25	7.65	6.92	335.76	331.96	332.71	331.53	358.70
6	Mechanical Engineering (72)	182.64	+0.4	16.48	7.27	7.42	182.00	179.24	178.74	180.82	170.81
8	Metals and Metal Forming (16)	166.40	−0.2	21.17	10.09	5.64	166.82	163.24	162.10	162.85	163.25
	CONSUMER GOODS										
11	(DURABLE) (49)	244.78	+0.2	15.31	5.22	8.97	244.34	243.11	239.28	238.52	238.49
12	Lt. Electronics, Radio, TV (14)	376.34	+0.1	12.85	3.75	11.91	375.83	371.35	366.86	364.83	339.67
13	Household Goods (14)	89.26	+0.7	27.34	11.47	4.65	88.67	87.86	87.94	88.13	148.71
14	Motors and Distributors (21)	101.27	+0.2	21.84	9.28	5.27	101.02	99.31	99.39	99.85	112.86
	CONSUMER GOODS										
21	(NON DURABLES) (172)	241.91	+0.5	17.14	6.67	7.05	240.75	238.15	237.72	237.83	237.41
22	Breweries (14)	288.84	+0.2	15.75	6.38	7.41	288.20	289.56	290.43	289.81	236.90
23	Wines and Spirits (5)	327.08	+0.7	18.67	6.22	6.33	325.14	326.35	324.92	325.96	225.96
24	Entertainment, Catering (17)	336.03	+0.9	17.25	6.65	7.14	332.98	331.69	333.20	335.96	307.27
25	Food Manufacturing (22)	223.53	+0.8	18.15	6.73	6.48	221.74	218.64	218.49	216.23	211.16
26	Food Retailing (15)	383.71	+1.7	12.22	4.04	9.74	377.35	365.91	366.45	366.23	308.68
32	Newspapers, Publishing (12)	431.48	+1.2	21.59	7.26	6.03	427.85	427.75	426.59	429.97	427.33
33	Packaging and Paper (15)	128.26	−1.3	27.80	10.21	4.18	129.91	129.15	127.51	127.64	129.97
34	Stores (45)	238.48	+0.2	13.02	5.26	10.01	238.07	235.29	234.02	233.72	237.73
35	Textiles (21)	121.29	—	26.76	12.75	4.54	121.32	119.46	119.41	120.17	153.75
36	Tobaccos (3)	230.71	+0.9	24.88	10.09	4.57	228.74	223.81	223.81	224.48	245.52
37	Toys and Games (5)	25.97	+1.4	8.66	14.68	26.70	25.62	26.09	26.09	26.23	72.35
41	OTHER GROUPS (99)	226.79	+0.1	15.51	6.86	7.74	226.60	223.92	222.84	223.27	207.70
42	Chemicals (16)	314.87	−0.2	17.26	7.65	6.79	315.40	312.19	309.40	310.27	293.99
43	Pharmaceutical Products (7)	233.17	+0.1	10.85	5.94	11.39	232.86	229.41	229.18	230.90	226.86
44	Office Equipment (6)	107.27	+0.6	19.16	7.73	6.10	106.61	104.67	105.18	106.75	121.20
45	Shipping (10)	605.24	+0.3	12.68	5.88	9.61	603.69	596.57	596.59	598.63	468.56
46	Miscellaneous (60)	282.13	+0.2	16.18	6.61	7.55	281.64	278.54	277.08	275.92	245.98
49	INDUSTRIAL GROUP (491)	256.79	+0.4	16.31	6.38	7.46	255.85	252.84	251.99	252.42	239.89
51	Oils (9)	783.40	+0.3	28.32	6.60	3.90	781.00	774.34	764.57	778.83	622.84
59	500 SHARE INDEX	298.59	+0.4	18.75	6.42	6.29	297.53	294.23	292.69	294.13	271.15
61	FINANCIAL GROUP (118)	239.69	+0.8	—	5.39	—	237.67	235.44	235.50	235.54	191.70
62	Banks (6)	240.97	+0.8	42.40	6.98	2.82	239.16	236.50	236.05	235.87	216.84
63	Discount Houses (10)	287.89	+0.8	—	6.16	—	285.63	280.00	280.00	279.66	259.49
64	Hire Purchase (5)	219.98	+0.1	14.09	4.59	9.25	219.71	217.33	218.21	217.09	174.09
65	Insurance (Life) (10)	241.84	+0.4	—	5.28	—	240.90	238.69	240.02	241.37	158.23
66	Insurance (Composite) (9)	168.29	+2.0	—	6.70	—	164.93	164.22	164.16	164.75	127.12
67	Insurance Brokers (9)	320.40	−0.8	14.46	7.20	9.47	322.93	327.24	327.99	330.27	271.34
68	Merchant Banks (12)	141.54	+0.5	—	5.02	—	140.83	139.34	140.37	140.66	101.35
69	Property (45)	449.08	+0.7	3.16	2.62	44.10	445.99	438.84	437.69	435.55	366.12
70	Miscellaneous (12)	147.44	+0.3	13.99	5.99	9.09	146.96	146.12	146.85	146.53	121.82
71	Investment Trusts (109)	269.32	+1.2	—	5.36	—	266.04	263.60	264.29	265.74	213.49
81	Mining Finance (3)	247.99	+1.7	12.11	4.22	9.94	243.75	238.84	231.85	235.41	130.37
91	Overseas Traders (20)	431.68	+0.4	11.66	6.84	10.34	430.03	425.90	424.46	421.88	344.90
99	ALL-SHARE INDEX (750)	287.49	+0.5	—	6.11	—	285.94	282.83	281.60	282.75	248.93

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Sept. 4	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.38	−0.03	—	7.62
2	5-15 years	110.34	−0.23	—	8.72
3	Over 15 years	115.05	−0.23	—	9.56
4	Irredeemables	127.23	−0.05	—	9.02
5	All stocks	109.96	−0.16	—	8.52

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs. Sept. 4	Wed. Sept. 3	Year ago (approx.)
1	Low Coupons	5 years	11.99	11.97	10.06
2		15 years	11.99	11.96	10.53
3		25 years	11.99	11.96	11.00
4	Medium Coupons	5 years	13.41	13.37	11.85
5		15 years	13.41	13.37	12.04
6		25 years	13.41	13.37	12.23
7	High Coupons	5 years	13.50	13.46	12.33
8		15 years	13.83	13.79	12.56
9		25 years	13.61	13.59	12.47
10	Irredeemables		11.58	11.57	10.81

		Thurs., Sept. 4 Index No.	Thurs., Sept. 4 Yield %	Wed. Sept. 3	Tues. Sept. 2	Mon. Sept. 1	Friday Aug. 29	Thurs. Aug. 28	Wed. Aug. 27	Tues. Aug. 26	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	52.70	†14.03	53.31	53.26	53.17	53.24	53.20	53.44	53.47	58.76
16	Investment Trust Prefs. (15)	50.50	13.41	50.09	50.00	49.90	50.35	50.89	51.15	51.15	51.53
17	Coml. and Indl. Prefs. (20)	57.54	13.28	57.88	57.85	57.89	57.08	58.08	57.55	57.30	71.28

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Coral Leisure	10p	8	92	+2	92	54
Thorn EMI	25p	8	374	−4	378	260
BP	25p	7	348	+4	412	320
GEC	25p	7	498	—	512	326
Marks & Spencer	25p	7	103	+1	105	77
Shell Transport	25p	7	408	−2	432	314
Anglo-American Corp.	R0.10	6	685	+25	720	485
BOC Intl.	25p	6	86	+1	86	56
Burmah Oil	£1	6	185	−5	249	162
ICI	£1	6	362	−2	402	348
Plessey	50p	6	240	—	247	108
Unilever	25p	6	502	—	512	388
Western Mining	$A0.50	6	285	−10	313	177
BAT Inds.	25p	5	282	+2	290	223
GKN	£1	5	227	−5	279	224

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug. 18	Sept. 5	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29

For rate indications see end of Share Information Service

Demand for Options remained at a low ebb. Calls were done in Premier Oil, Dunlop, Airfix, House of Fraser, Turner and Newall, Swire Pacific A and Burmah Oil. A put was done in M. Y. Dart, while doubles were arranged in Lonrho and Premier Oil.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
¶¶	F.P.	—	360	315	Brint Invs.	325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
¶¶	F.P.	—	148	123	¶¶Restricted Trans.	136	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§60	F.P.	—	116	91	¶¶Baker Electronics 10p	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
58	F.P.	8/9	100	72	Charterh'se Petrol'm	98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§32½	F.P.	—	33	31	Energy Capital 10p	33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
160	F.P.	—	155	133	¶¶Marinex 10p	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§51	F.P.	—	67	56	¶¶Rolfe & Nolan 10p	65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§c1	F.P.	—	70	56	¶¶Shackleton Petrol	61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§57	F.P.	—	78	73	¶¶Utd. Electronic 20p	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	F.P.	23/7	124	100½	British Home Stores 9% Cnv. Ln. '92	116	[illegible]
¶¶	F.P.	10/10	108p	107p	Fosceco Minsep 8½% Cnv Red Cum Red Prf	108p	[illegible]
¶¶	F.P.	10/10	104	100	Do. 10% Conv Uns Ln 1985	104	[illegible]
¶	F.P.	30/10	28	27	Newcastle & Gateshead Water 8½% RdP	27	[illegible]
¶¶	F.P.	30/10	28	28	Outwich 10% Pref.	28	[illegible]
¶	£6	3/6	105¼	101¼	South Staff. Water 9¾% Rd. Pf. '85	[illegible]	[illegible]
¶	F.P.	29/8	104	100	Sunderl'd & S.Shields Wtr 9¾% Red. Prf.	[illegible]	[illegible]
¶¶	F.P.	22/10	106p	97p	Tebbitt 7% Con. Cum. Red. Pref.	99p	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
500	Nil	—	58pm	46pm	Blue Circle	52pm	+1
82	F.P.	30/7	12/9	45	Coalite	32	[illegible]
15	F.P.	22/8	10/10	36	Derritron	33	+2
100	F.P.	15/8	12/9	447	Ferranti	447	+24
80	F.P.	15/8	26/9	101	[illegible]	95	[illegible]
120	F.P.	15/8	26/10	185	McKay Sec.	[illegible]	[illegible]
230	F.P.	5/9	14/10	300pm	Mercantile House	300pm	[illegible]
14	Nil	5/9	10/10	5½pm	Moorgate Mercantile	5pm	[illegible]
75	F.P.	20/6	10/8	127	Polly Peck	125	[illegible]
15	Nil	—	—	8pm	Spencer Gears	8pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
Henderson Baring Group
Hill-Samuel & Co. (Guernsey) Ltd.
Hill Samuel Invest. Mgmt. Intnl.
N.V. Interbeheer
International Pacific Inv. Mgmt. Ltd.
Jardine Fleming & Co. Ltd.
Leopold Joseph & Sons (Guernsey)
Kemp-Gee Management Jersey Ltd.
Keyser Ullmann Ltd.
King & Shaxson Mgrs.
Kleinwort Benson Limited
Lazard Brothers & Co. (Jersey) Ltd.
Lloyds Bk. (C.I.) U/T Mgrs.
Lloyds Bank International, Geneva
M & G Group
Midland Bank Tst. Corp. (Jersey) Ltd.
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

Hope St. Fd. Aug. 31	US$40.24	—	—
Murray Fund Aug. 31	US$18.71	—	—
Pacific Fd. July 31	US$4.64	—	—

Nat. Westminster Jersey Fd. Mgrs. Ltd.
Negit S.A.
N.E.L. International Ltd.
Pacific Basin Fund
Phoenix International
Providence Capitol Life Ass. (C.I.)
Quest Fund Mngmnt. (Jersey) Ltd.
RBC Investment Managers Limited
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)
Rothschild Asset Mgt. (Bermuda)
Save & Prosper International
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.

Managed Fund	[illegible]	—

Singer & Friedlander Ldn. Agents.
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd. (x)
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.
TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Utd. Intnl. Mngmt. (C.I.) Ltd.
Unilife Assurance (Overseas) Ltd.
Union-Investment-Gesellschaft mbH
Van Cutsem & Associates Ltd.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
Wardley Investment Services Ltd.
World Wide Growth Management
Wren Commodity Trust

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gilt Tst.	51.4	55.3	+0.4	2.62
Abbey Capital	42.1	45.5	+0.4	5.38
Abbey General	52.9	57.1	+0.6	5.49
Abbey Gilt & F.I. Tst.	110.7	116.5	-0.2	11.74
Abbey Income	34.5	37.3	+0.2	9.28
Abbey W'Wide Bd Tst.	92.6	98.0	+0.1	6.80
Abbey Inv. Tst. Fnd.	45.6	49.2	+0.6	5.16
Equitas Prog. Trust	80.1	86.5	+0.8	4.98

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.8	94.5	+0.9	12.92

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	84.5	90.4	+0.7	6.14
Brit. Inds. Fund	76.3	81.6	+0.5	6.37
Growth & Income	47.2	50.5	+0.3	5.50
Elect. & Ind. Dev.	42.7	45.7	+0.3	5.36
Allied Capital	90.3	96.6	+0.7	4.61
Hambro Fund	130.9	140.1	+0.9	6.20
Hambro Acc. Fund	165.8	177.4	+1.4	5.07

Income Funds

High Yield Fd.	64.3	68.8	+0.3	10.03
High Income	75.4	80.7	+0.6	7.87
A. H. Eq. Inc.	44.1	47.2	+0.2	7.69
Govt. Secs.	25.7	26.4	-0.1	12.05

International Funds

International	31.5	33.7	+0.2	3.20
Pacific Fund	53.3	57.0	-0.4	2.16
Secs. Of America	64.1	68.6	+1.0	2.62

Specialist Funds

Smaller Co.'s Fd.	51.3	54.9	+0.3	4.64
2nd Smlr. Co's Fd.	59.5	63.7	+0.5	4.71
Recovery Sits.	128.0	137.0	+1.1	6.09
Met. Min. & C'dty.	67.2	71.9	+0.9	4.10
Overseas Earnings	65.7	70.3	+0.5	5.48

Exempt Funds

Income Exempt	—	50.0	.....	8.50
Far East Exempt	58.8	61.1	-0.3	2.45
Smaller Co. Exempt	77.6	83.0	+0.5	4.78
U.S.A. Exempt	111.4	115.8	+1.7	3.02

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	66.1	69.5	.....	3.95

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.5	39.9	+0.1	11.33
North American	53.2	57.3	+0.9	3.00
Canadian Exempt*	60.5	63.9	.....	3.70
Canadian Trust	58.9	63.7	+0.3	2.82
Mid Mount High Inc.*	47.8	50.6	.....	9.54
Recovery	55.0	60.0	+0.2	7.19
Gilt Trust	43.3	45.3	-0.1	12.78

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	32.7	35.3	+0.6	1.06
Cres. Internat'l.	65.6	70.8	+0.2	2.47
Cres. High. Dist.	41.8	45.1	+0.2	10.81
Cres. Reserves	49.2	53.1	+0.4	5.62
Cres. Tokyo	21.3	23.0	.....	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.2	25.6	.....	12.70

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug. 29	223.7	238.5	.....	5.50

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.60
Gt. Winchester O'seas	23.8	26.4	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.1	88.3	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	85.5	89.9	+1.0	4.86

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	28.7	30.9	+0.8	1.08
Gilt + Fixed Int.	25.3	26.7	-0.1	12.33
Growth + Income	31.2	33.6	+0.1	7.26
Special Sits.	33.4	36.0	+0.3	2.66

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	33.0	35.5	.....	1.68
Accum. Units	40.6	43.6	.....	1.68
J. Finlay High Income	35.2	37.8	.....	10.18
J. Finlay Euro.Fin.	21.8	23.4	.....	3.81
Accum. Units	27.2	29.3	.....	3.81
J. Finlay Fd.In.Tst.	37.7	40.5	.....	6.23

Provincial Life Assurance Co. Ltd.
222 Bishopsgate, EC2. 01-247 6533

Prov. Managed Fd.	148.0	155.8	+0.7	—
Prov. Cash Fd.	124.9	131.5	.....	—
Gilt Fund	132.4	139.4	-0.3	—
Property Fund	129.8	136.7	.....	—
Equity Fund	136.0	143.2	+1.5	—
Fxd. Int. Fund	112.1	118.1	-0.4	—

Prudential Pensions Limited♦
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. Aug. 20	34.46	35.53	.....	—
Fixed Int. Aug. 20	23.28	23.97	.....	—
Prop. Fd. Aug. 20	39.73	40.96	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rel. Prop. Bds.	292.3	—	.....	—

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

N.C. Prop.	156.2	166.2	.....	—

Next sub. period Sept. 30/Oct. 15

Royal Insurance Group
New Hall Place, Liverpool. 051-227 4422

Royal Shield Fd.	189.0	199.9	.....	—

Save & Prosper Group♥
4, Gt.St.Helen's, Lndn., EC3P 3EP. 01-554 8899

Bal. Inv. Fd.	159.1	168.4	+0.9	—
Property Fd.*	201.1	212.9	.....	—
Gilt Fd.	141.0	149.3	+0.4	—
Deposit Fd.†	147.0	155.6	.....	—
Comp.Pens.Fd.†	279.6	295.9	.....	—
EquityPens.Fd.	269.1	284.8	+2.2	—
Prop.Pens.Fd.*	347.6	367.9	.....	—
Gilt Pens. Fd.	118.7	125.7	+0.5	—
Depos.Pens.Fd.†	129.5	137.1	+0.4	—

*Prices on August 27. †Weekly Dealings.

Schroder Life Group♥
Enterprise House, Portsmouth. 0705 27733

Equity	291.0	[illegible]	+2.2	—
Fixed Int.	159.9	[illegible]	-0.2	—
Managed	168.0	[illegible]	+0.6	—
Money	125.9	[illegible]	.....	—
Overseas	89.7	[illegible]	+0.5	—
Property	203.1	[illegible]	.....	—
CCM Vanguard	111.2	[illegible]	+0.8	—
K & S Govt. Secs.	137.6	[illegible]	-0.2	—
Income Distrib.	99.7	[illegible]	.....	—
Income Accum.	105.3	[illegible]	.....	—
B.S. Pen. Cap	148.9	[illegible]	.....	—
B.S. Pen. Acc.	173.5	[illegible]	.....	—
Equity Pension Cap.	123.6	[illegible]	.....	—
Equity Pension Acc.	133.6	[illegible]	.....	—
Mngd. Pen. Cap.	267.4	[illegible]	.....	—
Mngd. Pen. Acc.	341.7	[illegible]	.....	—

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$156.46	157.48	.....	1.41

Next dealing Sept. 1.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$32.84	—	+0.05	—

Net asset value Sept. 2

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.20	10.22	.....	10.73
AHR Gilt Edg.Fd.	£11.68	11.95	.....	13.21

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily dealings: Sept. 2 0.000240 (9.2% p.a.).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East & Intl. Tst.(CI)	124.0	130.0	.....	2.88

Dealing day Thurs.

Gov't Secs. Tst.(CI)	82.5	86.8	+0.4	14.69

Daily Dealings.

Sterling Fd.	114.9	115.1	.....	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$107.48	108.02	.....	9.26

Prices at Aug. 28. Next sub. day. Spt. 3.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

RentaFund	US$58.55	60.35	-0.10	8.95

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	93.1	100.0	+0.7	5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	41.1	43.3	.....	14.25
Unidollar Trust	US$14.02	14.72	-0.13	2.70
Unibond Trust	US$93.01	93.95	.....	10.10

1, Thomas St., Douglas, Isle of Man. 0624 4856

Unicorn Aust. Ext.	75.2	80.9	-4.1	1.20
Do. Aust. Min.	71.5	76.9	-0.8	1.00

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Int.	Red.
91	82¼	Aust. 5½pc '81-82	87¾xd	......	6.24	14.13
85¼	72½	Do. 6pc 1981-83	83½	......	7.32	12.97
67	58	N.Z. 7¼pc 1988-92	65	+¼	11.37	13.44
81½	72	Do. 7½pc '83-86	80¼	+¼	9.54	12.83
96¾	88	Sth. Africa 9½pc '79-81	96¼	–¼	10.21	16.20
160	95	S. Rhod. 2½pc Non-Ass.	99	–1	—	29.38
169	133	Do. 6pc '78-81 N.-As.	145	......	—	27.87

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

22⅞	12¾	Hollinger $5	22⅞	......	s$2.20	—	3.8
11⅜	850p	Hudson's Bay ‖	910pxd	+5	♦$1.20	—	5.0
14¼	925p	Hud.B.Oil G. $2½	12⅝	+¼	h57½	—	1.7
21⅞	13⅛	Imperial Oil‖	15	+¼	$1.40	—	3.5
14	855p	Inco‖	10⅞	......	72c	—	2.6
565p	425p	Int. Nat. Gas $1	535p	–5	$1.00	—	7.1
495p	265p	Massey Ferg.‖	340p	+18	—	—	—
200p	100p	Place Gas $1	102p	+2	—	—	—
14⅞	10⅝	Rio Algom	12	+⅛	$1.50	—	4.7
20	14½	Royal Bk.Can. $2	19⅛	+⅛	$2.56	—	5.1
25½	15⅞	Seagram Co. C$1	24⅜	+⅝	$US1.10	—	2.0
12	890p	Tor. Dom. Bk. $1	11¾	+⅛	$1.44	—	4.9
10½	815p	Trans Can. Pipe	855p	+5	$1.16	—	5.1

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
97	52	Barymin	62	......	—	—	—
17	12	Burma Mines 10p	13½	......	8.62	1.1	6.6
213	53	Colby Res. Corp.	213	+13	—	—	—
502	265	Cons. Murch. 10c.	300	......	M0100c	1.8	19.1
180	90	††Hemerdon 10c.	90	......	—	—	—
585	325	Northgate C$1	440	−10	—	—	—
485	327	R.T.Z.	466	+9	15.0	3.2	4.6
33	16	Robert Mines	23	......	—	—	—
112	91	††SPD Minerals 10p	94	+3	—	—	—
58	26	Sabina Inds. C$1.	45	+3	—	—	—
51	31	††SWCM 10p	39	−1	—	—	—
650	411	Yukon Expln. $1	560	+50	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ¶ No par value.

‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	33	......	Conv. 9% '80/82	£93⅝	......
Bertam	15	......	Nat. 9¾% 84/89	£81½	−½
Bdg'wtr. Est. 50p	445	......	Fin. 13% 97/02	£90¼	......
Craig & Rose £1	£11	......	Alliance Gas	55	......
Fife Forge	35	......	Arnott	290	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	68	+3
Graig Ship. £1	£12	......	Clondalkin	121	......
Higsons Brew	75	......	Concrete Prods.	83xd	......
Holt (Jos) 25p	253	+2	Helton (Hldgs.)	29	+1
I.O.M. Stm. £1	152	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	43	......
Peel Mills	45	......	Jacob	31	−1
Sheff. Refrshmt	102	......	T.M.G.	73	......
Sindall (Wm.)	140	......	Unidare	76	......

OPTIONS

3-month Call Rates

Industrials					
		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	28	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	24	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23		
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES
Friday September 5 1980

WARSAW ASKS FOR WEEK-LONG VISIT TO BE POSTPONED

TUC leaders confused by Polish veto

BY CHRISTOPHER BOBINSKI IN WARSAW AND CHRISTIAN TYLER IN BRIGHTON

A REQUEST by Poland's official trade union organisation for the TUC to postpone its planned visit threw union leaders into confusion in Brighton yesterday.

Officials in Warsaw said a letter had been sent to the TUC stating: "Under the present circumstances we feel it better if the visit is postponed until a more suitable time."

However, a member of the Polish Trades Union said the TUC might still go ahead on a revised schedule, possibly for just one day.

Mr. David Basnett, chairman of the TUC's economic committee and head of the controversial delegation, said in Brighton the visit's status was not clear to him and the facts were being checked.

"We want to talk to the official Polish trade union federation, which issued the original invitation months ago, to establish the facts. As far as we are concerned at the moment, we have tickets for Monday and we intend to use them."

The six-man TUC delegation was due to fly from Heathrow Airport on Monday morning for a five-day visit, taking in Sopot on the Baltic coast near Gdansk and Warsaw. It has asked its hosts to arrange meetings with leaders of the workers who went on strike.

Poland's official unions, faced since the weekend by the challenge of independent unions now being set up by the workers, are in the throes of reorganisation and reform.

A declaration in the official thing — bow to defend the interests of the working people. By our actions we must confirm that we are an autonomous and self-governing organisation."

From the Polish point of view this would clearly be a difficult time for official visits.

'Slap in face'

Yet cancellation means the TUC delegation will miss the chance to share their experience with the new independent unionists, who are at the difficult stage of actually establishing their unions under the terms of the agreements signed between inter-factory strike committees in Gdansk, Szczecin and in Silesia with the Polish authorities.

When reports that the trip was being postponed first circulated in Brighton, Mr. Frank Chapple, of the electricians' union—the most persistent critic of the TUC's decision to go ahead—said: "The Polish Government is treating the TUC General Council with the contempt it feels they deserve. This slap in the face for the TUC makes it clear that there was never any intention on the part of the Polish authorities of allowing meetings with genuine representatives of the workers. The TUC has been treated as dupes and should cancel this shameful trip."

The visit bas been dogged by controversy for two weeks. The dust had only just begun to settle after the Trades Union Congress debate on Wednesday.

AP-DJ adds from Washington: The AFL-CIO (the U.S. umbrella trade union federation) has endorsed the creation of a special fund to help the fledgling independent unions in Poland.

The federation's General Board, made up of officers of its 104 affiliated unions, has launched the fund with $25,000 and has urged member unions to make individual contributions.

Mr. Lane Kirkland, the AFL-CIO president, dismissed concern that the fund could barm the independent Polish unions by appearing to the Soviet Union as outside interference. He said the Polish strike leaders had asked for financial support and "We must in all good conscience respond."

Car output lowest for 10 years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

UK CAR production in August fell to the lowest level in any month for at least 10 years, and possibly since 1957, according to Department of Industry statistics released last night.

This reflects the short-time working at BL, Vauxhall and Talbot UK, which began around the holiday period. The only UK-based car manufacturer working at more-or-less normal levels is Ford which bas cut imports to keep its British plants occupied.

However, even Ford bas introduced short-time working at its components factories in the UK because these supply its plants throughout Europe and cannot be insulated from the full impact of the severe recession in car demand.

The other UK manufacturers face the prospect of poor sales in the second half of 1980. The industry forecasts that total car

Lucas Girling is seeking to cut its workforce by the equivalent of 2,000 jobs because of the motor industry recession. It aims to reduce production by between 20 per cent and 30 per cent from next month by a combination of short-time working and voluntary redundancies. Page 6 Vauxhall workers throw out pay deal. Page 8

registrations for the year will be down to 1.5m from last year's record 1.71m.

Manufacturers are reluctant to see stocks grow because current high interest rates make them expensive to finance.

Exporting is also difficult because of the high value of the pound against most other major trading currencies, a big factor in BL's current difficulties.

Vauxhall has been running down its export business and Talbot's problems stem from its £150m-a-year contract to send car kits to Iran where, although demand has beld up, production difficulties have held back sales.

The Department of Industry seasonally adjusted figures show that only 54,000 cars were produced in August. This compares with 57,000 for August last year and 102,000 in July.

The Department said it was the lowest monthly figure in the 10 years since the current formula for adjusting the statistics was introduced. Actual production, 42,000 units, was the lowest since August, 1957, "and it is probably that the seasonally adjusted total is also the lowest since that time."

UK car production reached 1.641m in 1970 but was down to 1.07m last year. Many forecasters expect output to be well below 1m—possibly 950,000—in 1980.

Although there has been a sharp drop in commercial vehicle output, according to Department figures, it has not yet reached a record low point. The seasonally adjusted output of commercials in August was 23,900 against 22,900 in August last year and 40,900 in July.

● Ian Hargreaves writes from *New York: The three largest U.S. motor manufacturers, Ford, Chrysler and General Motors, yesterday reported dismal sales for last month,* when they failed to sustain the slight improvement shown in the previous two months.

The three companies sold 441,098 cars, 31.6 per cent fewer than a year before. The total was also well down on July's 514,000.

PLO dispute threatens IMF and World Bank

By David Tonge, Diplomatic Correspondent

A DISPUTE over recognition of the Palestine Liberation Organisation is threatening a major diplomatic wrangle involving the supply of U.S. or Arab *funds* to the International Monetary Fund and the World Bank.

Yesterday, Arab central bank governors meeting in Riyadh, Saudi Arabia, demanded that the PLO be allowed to attend as observers, this month's annual meetings of the IMF and the World Bank in Washington.

The Arabs have warned that they could withhold funds from the organisations. Mr. Abdul-Rahman al Atiqi, the Kuwaiti Finance Minister, said in Riyadh that his country would be reluctant to lend to the IMF and the World Bank any more money until the PLO issue was settled.

But the U.S. administration is fighting a bitter diplomatic battle to prevent the PLO attending.

The problem was sparked off last month when Mr. Amir Jamal, the Tanzanian Finance Minister who is chairing this year's annual meetings of the IMF and World Bank boards of governors issued an invitation to the PLO.

A resolution passed in Riyadh yesterday said: "It is the view of the Arab Governors that the IMF-World Bank administrators should, under the rules, execute the chairman's directives."

With only five weeks between the meetings and the U.S. Presidential elections the U.S. government is attempting to have IMF and World Bank by-laws changed.

Concern grows over Hino trucks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CONCERN IS growing within the Department of Trade about the prospect of Japanese heavy trucks going on sale in Britain for the first time later this month.

The lorries are from Hino, Japan's largest heavy truck maker which has close links with the Toyota group. Toyota has an 8.5 per cent shareholding in Hino.

Since 1969 Hino has been sending trucks in kit form to an Irish company, J. Harris (Assemblers), based near Dublin.

Now a new company has been set up by Harris' former sales director at Warrington New Town, Lancs. It intends to start selling Hino trucks imported from Ireland. The plan has caused a furore in the UK truck industry and among trade unionists.

Now the Department of Trade has become so perturbed that it has started making informal inquiries in Japan, Ireland and the UK.

The department is particularly upset because, at first sight, the scheme seems to indicate a change of policy by the Japanese motor industry which has agreed not to export assembled trucks of over 3.5 tons to the UK.

The Warrington firm hopes to sell 500 trucks in its first full year, and then boost sales to 1,000 units a year.

The Hino project will bead the list of priorities for discussion next week when the Society of Motor Manufacturers and Traders meets the Japanese Automobile Manufacturers' Association in Tokyo.

Some society members are worried that Hino intends to "buy" a UK market share by selling trucks with subsidised low prices through "the back door"—Ireland.

Mr. Liam O'Neill, managing director of the Warrington company, HVC Motor Vehicle Distributors, has argued that he is not importing trucks from Japan but from Ireland, another EEC country.

The Department of Trade is moving cautiously. For one thing, Common Market regulations would seem to put direct involvement by the UK Government out of the questim. That is why the Government has previmusly relied on industry-to-industry negotiations to hold back the threatened tide of Japanese motor products.

The department is also wary because it does not wish to give the impression that Japanese investment is not welcome in Britain.

But it is adamant that any investment should bring reasonable benefits with it, and in the case of Hino the benefits would appear to be minimal because —at least to start with—there will be only a distribution business involved.

Mr. O'Neill says no Japanese investment is involved in either HVC or Harris, and that the Hino trucks, he intends to sell will have a UK content of about 20 per cent by value. Harris spends up to £3m a year on British components.

Continued from Page 1

Liquidity

tomers and by delaying payments to suppliers.

Such a shift in trade credit by major groups would tend to be highlighted by the survey, which covers only about 220 large companies. Consequently, as the Department of Industry concedes, the survey may not be representative of industrial and commercial companies as a whole.

The results are, however, consistent with the recent Confederation of British Industry trends survey which suggested that de-stocking was apparently relieving a difficult liquidity position for some companies.

Similarly, the Financial Times business opinion survey last Monday showed a slight improvement in the liquidity position of companies in the last two months.

Continued from Page 1

Poland

ing independent trade unions to be set up.

Mr. Jagielski, a supporter of the idea of independent trade unions, makes it clear in the interview that Poland's place was firmly within Comecon, and that "the Soviet Union is and will be the country's most important trading partner.

"This is an obvious truth and nobody questions this apart from a handful of opponents of socialism," said Mr. Jagielski.

Other Comecon countries he said, bad promised to speed up, and increase, deliveries of raw materials, equipment and agricultural products because of Poland's present difficulties. He also said that more aid was expected from the Comecon countries, which may mean that the Soviet Union in particular could well step up deliveries

Lloyd's makes £131.4m in 1977

BY JOHN MOORE

LLOYD'S OF LONDON, the insurance market backed by private wealth, declared profits of £131.4m yesterday for its 1977 underwriting year, only £3.8m short of its record £135m profits in the 1975 underwriting account.

Earlier this year Lloyd's feared it might do well just to break even. For the market faces its largest ever losses—more than $340m (£140m) from computer leasing insurance claims.

Lloyd's said yesterday that underwriters had created reserves to meet the losses from the computer leasing insurances, although so far only $71m had been paid out in computer leasing claims.

Lloyd's uses a three-year accounting method and the 1977 figures are the most recent available. Under the Lloyd's *system accounts are kept open* for three years and claims paid in the period of account are

LLOYD'S OF LONDON — PREMIUMS AND CLAIMS 1977

	Premium Income	Claims	Profit (after other income expenditure)	
	£m	£m	£m	%
Marine	695.8	619.4	93.3	11.1
Aviation	145.5	144.3		
Non-marine	907.5	899.8	30.1	3.3
Motor	147.3	132.7	7.9	5.4
Total	1,896.1	1,796.2	131.3	6.9

taken back to the original year in which the insurances were arranged.

Lloyd's warned yesterday that premiums for motor insurance policies with Lloyd's underwriters could rise by as much as 20 per cent over the next year. The increase may be imposed in two instalments of 10 per cent, at six-monthly intervals, in 1980 and 1981. The effect of inflation on motor repairers' labour charges and the cost of spare parts was blamed for the increase.

The marine insurance market, which accounts for Lloyd's most profitable business, produced an underwriting profit of £76.4m compared with £74.7m in the 1976 underwriting year.

Marine insurers warned that the loss of 42 vessels in 1979, including a number of large tankers, was likely to make its mark on the 1979 underwriting account. So far the settlement ratio — of claims to premiums — in the first year of the 1979 account is running at 32.6 per cent, the highest since the mid-1960s when claims soared after Hurricane Betsy.

Framework for banking capital

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A NEW FRAMEWORK for assessing the capital requirements of British banks and licensed deposit-takers is published today by the Bank of England.

It forms the first part of a new scheme for the prudential supervision of the UK banking community which will eventually extend to safeguards for liquidity and foreign exchange exposure.

It involves a new definition of a bank's capital base, and lays down two ratios for measuring the adequacy of that capital. The first of these, known as the Gearing Ratio, is meant to be for public use.

However, the Bank of England admits that under present levels of disclosure it will not be possible for depositors and other outsiders to make the necessary calculations in the case of many British banks. This is because they are allowed to understate capital by creating secret reserves.

The second measure, called the Risk Asset Ratio, involves much more sophisticated calculations and is meant only for the internal use of bank managements and the Bank of England.

The gearing ratio is to be calculated by expressing a bank's adjusted capital base—all capital less fixed assets—as a proportion of deposits and non-capital liabilities.

The risk asset ratio involves a different adjusted capital base —this time premises are not deducted from capital— expressed as a percentage of a bank's risk assets.

The figure for risk assets is to be arrived at by applying a series of different weights to a bank's assets: thus Bank of England notes and UK coin require no capital cover, while market loans to UK residents require full cover, and property must be covered twice.

Weather

UK TODAY

CLOUDY, with brighter weather spreading from the west.

London, S. and E. England, Channel Islands, and Central N. England

Cloudy, rain, becoming dry later. Max. 20C (68F).

W. Midlands, S.W. England and S. Wales.

Sunny intervals, isolated showers. Max. 19C (66F).

N.W. England, N. Wales

Scattered showers, sunny intervals. Max. 17C (63F).

N.E. England, Scotland

Showers, sunny intervals. Max. 16C (61F).

Outlook: Dry and warm in S.E., *unsettled* elsewhere.

WORLDWIDE

		Y'day midday °C	°F
Ajaccio	S	25	77
Algiers	F	27	81
Amsdm.	S	21	70
Athens	F	24	75
Barclna.	F	26	79
Beirut	C	27	81
Belfast	C	17	63
Belgrd.	S	21	70
Berlin	S	23	73
Biarritz	F	26	79
Bmghm.	C	18	64
Blackpl.	C	17	63
Bordx.	C	24	75
Boulgn.	C	17	63
Bristol	F	19	66
Brussels	F	19	66
Budpst.	S	21	70
Cairo	F	31	88
Cardiff	F	18	64
Cas'b'ca	F	25	77
Cape T.	S	17	63
Cologne	S	23	73
Cpnhgn.	S	20	68
Corfu	S	27	81
Dublin	C	19	66
Dbrvnk.	S	22	72
Ednbgh.	C	17	63
Faro	S	29	84
Florence	S	26	79
Frankft.	S	23	73
Funchal	S	24	75
Geneva	S	22	72
Gibraltar	F	25	77
Glasgow	C	17	63
G'rnsey	C	15	59
Helsinki	R	11	52
H. Kong	C	30	86
Innsbrk.	S	24	75
Invrnss.	C	17	63
Istanbul	F	21	70

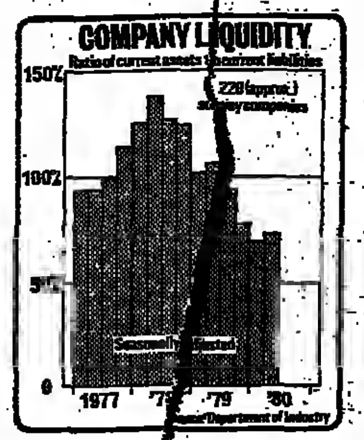
		Y'day midday °C	°F
Jersey	C	17	63
Jo'burg	S	24	75
L. Plms.	S	28	82
Lisbon	S	24	75
Locarno	S	24	75
London	C	20	68
Luxmbg.	S	22	72
Luxor	S	36	97
Madrid	S	29	84
Majorca	S	27	81
Malta	S	25	77
M'chstr.	C	18	64
Milan	S	24	75
Mntreal	F	15	59
Moscow	C	14	57
Munich	S	25	77
Nairobi	F	25	77
Naples	S	25	77
Nwcstl.	F	19	66
N. York	S	22	72
Nice	S	24	75
Oporto	S	18	64
Oslo	S	20	68
Paris	C	17	63
Perth	F	18	64
Prague	S	25	77
Reykjvk.	C	12	54
Rhodes	S	26	79
Rome	S	26	79
Salzbrg.	S	25	77
Singspr.	R	29	84
Stckhm.	F	19	66
Strasbg.	S	25	77
Sydney	S	21	70
Tangier	S	30	86
Tehran	S	36	97
Tel Aviv	S	28	82
Tenerife	S	26	79
Tokyo	F	29	84
Tunis	S	27	81
Valencia	F	27	81
Venice	S	23	73
Vienna	S	21	70
Warsaw	S	21	70
Zurich	S	23	73

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

BP hit by the recession

Index rose 1.0 to 490.8



Non-manufacturing companies have been improving their liquidity, according to the Department of Industry's latest survey, but this seems to have been achieved largely at the expense of manufacturing companies which bave still to halt a declining trend. As for the liquidity of the financial system, the continuing problems were underlined yesterday by the Bank of England's extension yet again of gilt-edged repurchases *yesterday* to the *tune of £500m* or so.

BP

BP's *second quarter* net income of £371m is rather better than the analysts have been going for, given that it was inevitable there would be a sharp drop in *FIFO*-accounted stock gains since the January-March quarter when they swelled net income to £505m. Still, there is no disguising the sharply adverse trend which is spelt out in chemicals—where the British operation is revealed to be heavily in losses. Meanwhile, the weakness of the dollar has continued to generate currency losses for BP—to the tune of £57m in the first half-year.

A welcome feature of the latest statement is the provision of additional current cost data. So it emerges that the cost of sales adjustment has dropped from £458m in January-March to £257m in April-June, underlining the effect of the lost buoyancy in prices. Current cost net income for the latest quarter is just £136m, of which £60m is generated by Sohio.

BP's clear message is that the squeeze on profitability is getting worse this quarter, and the sterling-dollar rate is still going against the group. Still, the latest Saudi developments could bring some relief if they at last remove the competitive advantage enjoyed for so long by the former Aramco partners.

Meantime the squeeze is not exactly agonising. In the past week BP has paid out £777m in PRT, £250m for Selection Trust and £50m for property without needing to draw on its bankers.

NEI

By the standards of the heavy engineering sector, the interim statement from Northern Engineering Industries (NEI) is positively perky. Profits are up from £11.7m to £12.5m pre-tax, and overall orders are higher than they were at the start of the year—thanks in particular to the mechanical engineering and mining sectors.

But NEI is not exactly achieving miracles in the UK. Its margins are under pressure: the modest profits increase was achieved on a sales gain of 36 per cent. A sharp rise in the minorities charge showa that at least some of the improvement is coming from the overseas interests. And of course 1979 was a really bad year for NEI, with strikes and big losses on the switchgear business at Reyrolle knocking group profits back from £30.5m to £18.1m. Reyrolle's recovery in itself could boost this year's profits by roughly £6m.

Yet although profitability in real terms must still be inadequate, the trends seem to be improving. Profits in the current half should be better than in the first six months and NEI expects in the near future to receive major manufacturing contracts for two AGR power stations. The group has more or less completed its rationalisation efforts of the past three years, and seems to be making a mark in new products and markets. These hopes have helped to push the shares to a high of 65p—a rise of more than four-fifths from the year's low point—where the *historic* yield is 8.4 per cent.

Costain group

Costain has been warning of a period of consolidation, and it has therefore come as no surprise that trading profits at the halfway stage are virtually unchanged from last year, at £15.3m. Without the benefit of last year's property sales, pretax profits have emerged 11 per cent lower, at £15.3m. An unchanged dividend helped push the share price down 2p yesterday to 184p—still two-fifths above the level three months ago.

While the big Middle East contracts are coming to an end, the group may still see £9m or so profits from this source in the current year. Total orders have edged up since March and the UK business is holding up in spite of the cutbacks in the public sector. But turnover is still tumbling—down a fifth from two years ago—and pre-tax margins of double the level of any other UK contractor must be vulnerable. Meanwhile, the exchange of £28½m cash for County and District Properties will act as a *further drag on profits,* whatever it does for asset backing longer-term. Diversification in other directions may also have its problems, as the involvement with Whessoe and Streeters of Godalming illustrates. So this year's likely out-turn of between £40m and £45m pre-tax may represent a plateau for as long as it is safe to look ahead.

Cadbury Schweppes

The big productivity gains which boosted Cadbury Schweppes during 1979 were still holding the group in good stead in the first half of the current year. In the face of a slump of nearly 9 per cent in confectionery volume UK trading profits actually rose a tenth or so, though the overseas performance has been patchy. The inevitable rise in interest costs has wiped out the trading advance, leading to a pre-tax decline from £21.7m to £21m, but this is still rather better than the market has been expecting and the shares bounced up 4½p on the news to 66p, back in the year's high.

Outside UK confectionery, demand has not been too bad: drink volume has improved, and the overall decline elsewhere has been 4 to 5 per cent. In the UK, trading profits rose in all sectors (though only marginally in confectionery) and overseas there have been encouraging performances in Australia, South Africa and Canada. But the returns are still very low in the U.S., where Cadbury is impatiently waiting for the market leaders to end an 18 month price standstill.

Cadbury is cautiously optimistic about the immediate recovery prospects for UK confectionery, but its main longer-term theme is that it will keep spending heavily on marketing and automation. The shares are solidly based.

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